



## Alliant Energy Center Market, Financial, Facility and Impact Analysis

DRAFT REPORT

Submitted to:

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March 2, 2017



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Mark Clarke  
Executive Director  
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Dear Mr. Clarke,

The County of Dane (Client) engaged the Hunden Strategic Partners (HSP) Team, including MKSK Landscape Architecture, Urban Design & Planning and Sink Combs Dethlefs Architects, to perform a market, financial, facility and impact analysis to determine the optimal future use of the Alliant Energy Center (AEC) and its on-site assets. The attached is our DRAFT report.

This deliverable has been prepared under the following general assumptions and limiting conditions:

- The findings presented herein reflect analysis of primary and secondary sources of information that are assumed to be correct. HSP utilized sources deemed to be reliable, but cannot guarantee their accuracy.
- No responsibility is taken for changes in market conditions after the date of this report and no obligation is assumed to revise this report to reflect events or conditions occurring after the date of this report.
- HSP has no control over construction costs or timing of construction and opening.
- Macroeconomic events affecting travel and the economy cannot be predicted and may impact the development and performance of the project.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely yours,

**HUNDEN STRATEGIC PARTNERS**

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## EXECUTIVE SUMMARY

The County of Dane (County) engaged the Hunden Strategic Partners (HSP) Team, including MKSK Landscape Architecture, Urban Design & Planning and Sink Combs Dethlefs Architects, to perform a market, financial, facility and impact analysis to determine the optimal future use of the Alliant Energy Center (AEC) and its on-site assets. The HSP Team analyzed the operations of the AEC as well as the physical condition of the AEC's existing facilities. HSP then reviewed the market characteristics, including competitive supply and unmet demand within both the local and regional marketplace, to understand the future opportunity for the AEC.

The primary questions that the HSP Team answered include:

- What does the AEC currently offer? What is the condition of the AEC facilities and how are they performing? Is there opportunity for improvement with the existing facilities?
- Does the Coliseum need to be replaced to be competitive or can it be renovated?
- How do economic and demographic trends of Madison and Dane County impact the future opportunity for the Alliant Energy Center?
- What is the market opportunity for concerts, entertainment, conventions, meetings, sports, and livestock events at an enhanced AEC? Are there markets opportunities that are not being sought that could generate activity and impact at the AEC?
- What are comparable complexes throughout the country doing to remain competitive? What can be learned from those situations?
- What are the implications and recommendations based on the market analysis? What does the recommended facility and master plan look like? What are the governance options for the AEC?
- How will the recommended projects perform? What is the projected economic, fiscal, and employment impact of the recommended improvements?

The AEC is a multipurpose complex based in an agricultural tradition, but that has hosted nearly every type of event imaginable due to its wide variety of facility types. Indoor and outdoor facilities and grounds offer a myriad of options for event producers, including agricultural/equine/bovine and related, conventions, conferences, consumer shows, trade shows, concerts, family shows, hockey and festivals, among others. The three main indoor facilities are the Exhibition Hall and Conference facilities, the New Holland Pavilions and the Coliseum. The primary outdoor grounds include Willow Island and Quann Park. Owned and operated by the County, the AEC generates an operating profit annually, which is a feat unto itself. Most public event facilities operate at a deficit, so require public funds for debt service, annual capital outlays and operating losses. In the case of the AEC, the operations generate a profit, leaving less burden on the taxpayers of Dane County.

Based on historic performance and attendance, HSP determined the current visitation and economic impact of the existing AEC. The following table summarizes the impact of the AEC in 2016.

**Table 1**

Summary of Visitation & Impacts at Major AEC Components - Current						
Component	Current Attributed Attendance	Current Non-Dane County Daytrips	Current Room Nights	Annual Spending (millions)	FTE Jobs	Annual Local Taxes (000s)
Ex Hall/Conference/Parking	323,448	88,080	92,277	\$24	761	\$961
Coliseum	186,862	26,660	19,089	\$6	193	\$203
Pavilions	141,977	30,831	56,461	\$13	406	\$580
Willow Island & Quann Park	157,000	35,420	9,103	\$4	147	\$103
<b>Total</b>	<b>809,287</b>	<b>180,992</b>	<b>176,930</b>	<b>\$47</b>	<b>1,507</b>	<b>\$1,848</b>

Source: Hunden Strategic Partners

In 2016, the complex attracted approximately 809,000 total attendees. HSP’s calculations indicate that the AEC generated nearly 177,000 room nights, \$47 million in spending, supported 1,500 full-time equivalent jobs in the local economy, and generated \$1.8 million in local sales and lodging tax impacts to the community. Clearly the facility has a positive impact on the community – and generates operating profit.

However, there are challenges and opportunities, as with any physical complex that must compete and be sustained amidst the challenges of time and changing conditions. HSP’s analysis determined that, although the AEC’s place in the local community is well received, the complex cannot prosper, or be sustainable, without continued reinvestment.

The primary area of concern on the campus is the condition of the Veterans Memorial Coliseum, as both event organizers and attendees continue to express frustration with the quality of the aging venue and most arena-style events, such as concerts and family shows pass it by for other quality venues in other markets.

One of the most important determinations made during the analysis was whether or not the Coliseum needed to be replaced in order to allow Madison the opportunity to compete again for prime concerts, family shows and sporting events. After numerous market interviews with experts and promoters, including physical analysis by Sink Combs Dethlefs, HSP determined that a new arena development on the AEC campus is not necessary. Conversations with local, regional, and national promoters and industry professionals indicate that a renovation to the Coliseum will provide nearly the same incremental benefit as a new-build for about half of the cost.

The Exhibition Hall is very well received in the market. Its challenge is that, while the size and flexibility of the exhibit hall is one of the complex’s greatest assets, the AEC does not offer the complete package of meeting facilities, walkable hotel options, and amenities necessary to accommodate modern conventions, conferences and meetings. Existing users want the facility to expand to accommodate their growing need for space. The market is demanding an expansion by 50 percent of the size of the exhibit hall. In addition, many users (including many who cannot currently meet in Madison due to facility size constraints), require a large ballroom and numerous breakout meeting rooms in order to host their event. Yet in order to host these large events and be competitive, the number of hotel rooms within walking or a very short driving distance is too few. The number of hotel rooms currently is about 400 too few, and with the recommended expansion, there will be a need for another large block of rooms.

Investment in the campus has already resulted in tangible benefits on the campus, as evidenced by the increased activity following the \$24 million development of the New Holland Pavilions. Since opening the New Holland Pavilions in the latter half of 2014, the number of agricultural-,related shows increased from 18 in 2014 to 43 in 2016.

Connectivity within the campus and connectivity to the surrounding neighborhoods is currently inhibited by a number of physical and other existing conditions. The HSP plan seeks to create both a sense of place on the AEC campus with a walkable district of restaurants (Restaurant Row) and a sense of connectivity to the neighborhoods, recreational areas, downtown and commercial districts surrounding the campus.

The Madison and Dane County market area is large and growing. It also carries more spending power than most other metro areas of its size, due to the strong earning power and educational attainment of a large portion of the citizenry. However, much of this spending power is being leaked to other cities with opportunities to host events, like in Milwaukee, Chicago or Minneapolis. Concerts, family shows, youth sporting events and many other types of events are not able to come to Dane County, meaning local money is leaving the County and leaking to other major market. By providing the setting for more event types, not to mention marketing and selling to more types of events like the burgeoning youth sports market, the AEC can recapture demand and spending that is leaving the community.

HSP also considered what is happening nationally with competitive multipurpose ag-oriented complexes. HSP interviewed and analyzed industry experts and leaders and determined that several campuses were outstanding in the industry. These include Fort Worth, Indianapolis, Oklahoma City, Denver and Louisville. The through-line for all of these successful event-generating complexes was a governance structure that ensured continued investment in quality facilities, excellent and experienced management and a competitive nature that recognized the need to put the customers first and utilize the buildings as much as possible to generate impact for their communities. While no single governance model is the best model, the combination of funding, governance and marketing excellence, and an entrepreneurial spirit are present in all campuses. The AEC has many of these attributes, including committed management looking to maximize facility usage. However, the funding and marketing components could be strengthened in the future along with the recommended physical changes. A consistent capital funding mechanism would a long-term guarantee of competitiveness. Creative and aggressive marketing for new and different types of events is also recommended.

As the AEC campus facilities are improved and expanded to match the quality of their newer competitors, the reputation and functionality of the entire campus will improve, allowing the AEC to attract larger, more impactful events, more often. Improved connectivity, both within the campus and with the surrounding community, presents additional opportunities to enhance the attractiveness of the venue. Overall, analysis of the existing condition and historical performance of the campus suggests significant opportunity for the future of the complex with improvements and investment. If all elements are developed as recommended, the HSP Team projects an increase in non-Dane County daytrip visitation of more than 70 percent and a 93 percent increase in hotel room nights. This will support an additional 1,700 full-time equivalent positions in the community and generate millions in local taxes annually. Given the positive cash flow situation currently, the improvements should only serve to enhance this, as the opportunity for additional revenue outstrips the cost increases associated with the new space.

## SWOT Analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was conducted for the Alliant Energy Center. A SWOT analysis identifies critical factors that will impact AEC's future. This analysis suggests implications for recommendations, sizing, location and quality of the future projects given the current environment. Strengths and weaknesses are currently factors impacting the potential project as well as items inherent in the project or market, while opportunities and threats are potential and external factors impacting the success of the project.

Following the SWOT analysis, recommendations are provided for the project.

## SWOT Analysis

### *Strengths*

- **Madison Market:** The city of Madison presents a strong foundation for the future of the Alliant Energy Center. The growing population, diversified economy, strong student population, and destination attractiveness of Madison present competitive advantages for major event complexes such as the AEC. Not only does the market offer a diverse population from which to attract visitors, but the appeal of Madison, including its scenery, entertainment, and nightlife, plays a major role in attracting meeting and event planners.
- **AEC History:** The Alliant Energy Center, through years of successful operations and relationships, has developed a strong reputation with many event organizers. Feedback from stakeholders and community members indicate that there is also strong connection with the Alliant Energy Center and its history, specifically the Veterans Memorial Coliseum. These connections present a strong base from which to build upon for the future.
- **Existing Operations:** Major public event facilities are typically considered loss-leaders for communities. While the complexes generate significant visitation and economic impact to the local community, very few complexes generate an operating profit. The financial success of the AEC is a testament to the current operations of the facility.
- **Pavilions:** Since opening in 2014, the New Holland Pavilions have had a significant positive impact on the reputation and functionality of the AEC campus. Reviewed favorably by user groups, the size and quality the pavilions have allowed the campus to not only attract new agricultural event to the complex, but they have helped the campus expand existing events and accommodate more impactful groups.

### **Weaknesses**

- **Coliseum:** The aging Veterans Memorial Coliseum is no longer able to attract major concerts and entertainment acts due to its existing condition. While minor investment has occurred in the venue, issues such as limited loading and rigging capabilities, as well as outdated concourses, restrooms, locker rooms, concessions, and general aesthetics, have hindered the production, artist, and fan experience at the venue.



- **Surrounding Amenities:** There are currently no restaurants, entertainment options, gas stations, convenience stores, or other support amenities in the immediate area surrounding the AEC. Meeting planners and event attendees are looking for activity in the area surrounding event venues and their accommodations, and the lack of a critical mass of options at the AEC puts the venue at a competitive disadvantage.
- **Meeting Spaces:** While the size of the exhibit hall is one of AEC's greatest strength, the facility does not offer the package of meeting spaces necessary to accommodate today's meetings and events. Modern conventions are looking for high-quality, flexible ballroom space to hold general sessions, banquets, and other events. The lack of a ballroom and appropriate number of meeting rooms hinders the AEC's ability to accommodate higher-rated events. In addition, AEC larger user groups are outgrowing the existing facilities, and future expansion of the exhibit hall is necessary to retain these groups.
- **Connectivity:** Both within the campus and with the surrounding community, connectivity presents challenges for the AEC. User groups are frustrated with the walkability and ease of access throughout the campus, and community stakeholders are frustrated with the connectivity of the campus to downtown Madison and the adjacent neighborhoods.
- **Hotel Supply:** According to industry metrics, a major event complex should offer 10 to 15 walkable hotel rooms per 1,000 square feet of exhibit space. Currently, the AEC offers 581 rooms in its four proximate hotels, though only the rooms at the Clarion are truly adjacent. Without factoring in a future expansion to the exhibit hall, the AEC currently offers 400 to 900 less hotel rooms than the expectation of convention event planners.

## Opportunities

- **Conventions and Meetings:** The AEC has the opportunity to function as the primary convention and meeting facility in the Madison market. While Monona Terrace is considered a convention facility, the venue operates primarily as a large conference facility or small convention facility due to its space limitations and lack of true exhibit space. If the AEC can develop the ballroom and meeting spaces, lodging options, and surrounding amenities, the complex has the opportunity to act as the destination for major conventions and events in the market.
- **Concerts and Entertainment:** Conversations with local and national promoters, as well as industry experts, suggests that a new arena development on the AEC campus is not necessary. Madison should be a thriving concert and entertainment destination, but the market is losing events because it cannot offer an available, high-quality venue. The existing Coliseum presents many challenges to event promoters, but a renovated facility with additional loading, expanded concourses, improved rigging, and an enhanced artist and fan experience, will allow the complex to attract major events once again.
- **Youth Sports:** The AEC, historically, has not been a destination for major indoor youth sporting events. Modern trends in the industry, as well as feedback from state and regional organizations, suggest that the existing exhibit hall could be a major player in the regional youth sports landscape. Additional amenities, both within the space and on the campus, will enhance the attractiveness of the AEC for sports organizations and events.



- **Livestock:** While user groups are generally satisfied with the Pavilions, the attractiveness of the AEC for livestock groups will be enhanced with additional improvement to the campus. User groups indicated that connectivity, walkability, and surrounding activity are the primary issues with the complex, and improvements will allow the AEC to attract larger livestock events. In addition, feedback from user groups suggested that a permanent show ring on campus would offer a variety of benefits to the events and the facility operator.
- **Festivals:** No major changes are recommended for Willow and Quann Park, however, improved connectivity between the campus and surrounding community will enhance the spaces and provide a more attractive venue for festivals and outdoor events.
- **Village Atmosphere:** Beginning with the development of an adjacent hotel and new restaurants, the Alliant Energy Center has the opportunity to establish itself as an attractive destination with a variety of dining and nightlife options in a village-like atmosphere. By creating a critical mass of activity, not only will event attendees at the AEC benefit, but citizens of surrounding neighborhoods and the Madison community will be able to take advantage of the AEC's new offerings.
- **Gateway to Madison:** Due to its proximity to US-18 and visibility from John Nolen Drive and Rimrock Road, Alliant Energy Center's location presents an opportunity to transform the gateway to Madison. With improved landscaping and signage, as well retail, restaurant, and hotel development, the AEC can re-invent its image as the true gateway to Madison.

## Threats

- **Competition.** The Project may experience a decline in use should another meeting facility expand or be developed in the region before or immediately after the recommended improvement occur. Advancing a project sooner rather than later could keep the market relatively clear of immediate competition.
- **Cost** – The cost of the project is high and that could threaten the possibility of development.
- **U.S. Economy and Demand.** The current economic situation is gradually improving from the most recent recession and this could have an impact on the demand side of the equation. However, economic conditions can change unexpectedly and any negative trend would likely delay and investment.

## Physical Recommendations

Based on the market analysis throughout this report, HSP makes the following facility recommendations regarding the future of the Alliant Energy Center:

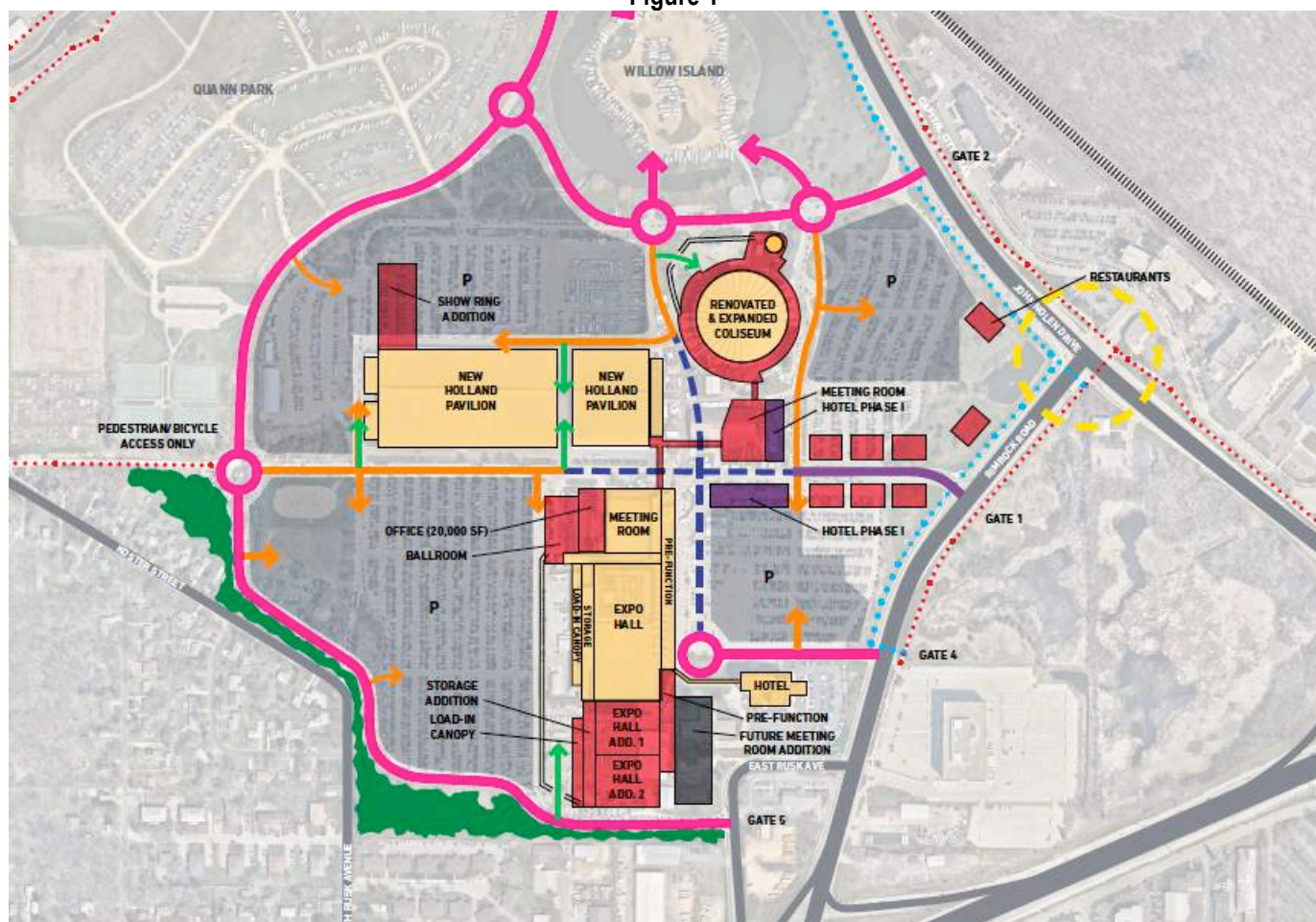
- **Coliseum:** HSP recommends a renovation to the Coliseum that will include expanded concourses, new entrances, expanded premium seating areas, and improved rigging, loading, dressing rooms, restrooms, concessions, and aesthetics to enhance the production, artist, and fan experience.
- **Exhibit Hall:** HSP recommends a 50,000-square foot expansion of the existing exhibit hall, Existing major events at the complex have outgrown the current facility, and an expansion of the

exhibit hall is recommended to improve the overall event package of AEC. A future phase expansion of an additional 40,000 square feet is also recommended.

- **Ballroom:** HSP recommends the development of a 30,000-square foot ballroom connected to the existing exhibition complex. This should be a carpeted, high-quality, flexible space that will allow the AEC to attract conventions and other higher rated groups, as well as enhance existing events at the complex.
- **Meeting Rooms:** Additional breakout meeting room space is necessary to complement expanded exhibit hall and ballroom space. HSP recommends the development of 20,000 square feet of meeting room space.
- **Hotels:** At minimum, HSP recommends the development of two branded, group-oriented hotel properties adjacent and connected to the Exhibition Hall. These properties should add another 600 walkable hotel rooms to the campus.
- **Restaurants:** HSP recommends the development of six to eight walkable dining options in a village atmosphere on the AEC campus.
- **Arena Building:** HSP recommends the removal of the arena building to better utilize the centralized location. The events that occur in the arena building will be accommodated in other expansions to the complex.
- **Pavilions:** HSP recommends the development of a permanent show ring connected to the New Holland Pavilions.
- **Parking:** HSP recommends the development of structured parking in a future phase.

The following figure shows the proposed master plan for the campus facilities, including all recommendations discussed above.

Figure 1



As shown, HSP, along with Sink Combs Dethlefs and MKSK, recommend an expansion of the existing exhibit hall and existing pre-function space. The team recommends the development of a new ballroom and additional meeting rooms where the existing administrative offices are located. The expanded and renovated Coliseum will feature a new ring of programming that will increase the footprint of the property. Recommendations include two adjacent hotels, one on either side of Alliant Energy Center Way. The arena will be removed, and a new permanent show-ring will be developed north of the New Holland Pavilions. Additionally a 'restaurant row' is recommended along the entrance to the complex, as well as two feature restaurants visible from Rimrock Road and John Nolen Drive.

The following table breaks down the estimated cost for the recommended improvements to the Alliant Energy Center.

**Table 2**

	AEC Improvements - Estimated Costs		
	Total Adjusted Cost	Additional Soft Costs	Total Project Cost
<b>Coliseum</b>			
<b>Renovation</b>	\$87,283,930	\$17,456,786	\$104,740,716
<b>Ex Hall/Ballroom/Meeting Rooms</b>			
Expo Addition Phase I	\$24,525,000		
Expo Addition Phase II	\$21,437,500		
Ballroom	\$19,075,000		
Offices	\$6,131,250		
Meeting Rooms	\$11,445,000		
Garage (to be built with Ex Center Expansion)	\$14,715,000		
<b>Total</b>	<b>\$97,328,750</b>	<b>\$24,332,188</b>	<b>\$121,660,938</b>
<b>Pavilions - Show Ring</b>			
Show Ring	\$5,902,000		
<b>Total</b>	<b>\$5,902,000</b>	<b>\$1,180,400</b>	<b>\$7,082,400</b>
<b>Campus (incl. Willow Island &amp; Quann Park)</b>			
General Landscaping	\$1,090,000		
Wetlands Rejuvenation	\$6,540,000		
<b>Total</b>	<b>\$7,630,000</b>	<b>\$763,000</b>	<b>\$8,393,000</b>
<b>Hotels (Leased Land - Privately Funded)</b>			
Hotels (Enhanced Select Service) 300 Rooms	\$45,000,000		
Hotel (Full Service) 300 rooms	\$67,500,000		
<b>Total</b>	<b>\$112,500,000</b>	<b>\$22,500,000</b>	<b>\$135,000,000</b>
<b>Restaurants (Leased Land - Privately Funded)</b>			
Feature Restaurant 1	\$6,540,000		
Feature Restaurant 2	\$8,820,000		
Restaurants 3-8	\$29,532,000		
<b>Total</b>	<b>\$44,892,000</b>	<b>\$13,467,750</b>	<b>\$58,359,750</b>

Source: Sink Combs Dethlefs

The projected cost for all recommended improvements to campus total approximately \$435 million. It is important to note that this summary table includes the hotels and restaurants, which will likely be privately developed. The Coliseum renovation, Exhibition Hall expansion, support facility development, and campus improvements are projected to cost \$242 million.

### Demand and Financial Projections

The following table summarizes the projected stabilized revenue and expenses for the Alliant Energy Center facilities compared to their 2015 performance. Financial projections are shown for each individual facility, and do not include the administrative revenues and expenses for the AEC.

**Table 3**

<b>Stabilized Revenue and Expense Projections - All Recommended Improvements*</b>			
	<b>2015</b>	<b>Expanded/Stabilized</b>	<b>Change</b>
<b>Revenue</b>			
Coliseum	\$1,964,667	\$3,220,000	64%
Exhibition & Conference Center	\$5,473,836	\$9,320,000	70%
Pavilions	\$760,307	\$1,190,000	57%
Willow Island & Quann Park	\$492,809	\$560,000	14%
<b>Total</b>	<b>\$8,691,619</b>	<b>\$14,290,000</b>	<b>64%</b>
<b>Expense</b>			
Coliseum	1,500,069	\$2,450,000	63%
Exhibition & Conference Center	2,971,638	\$5,240,000	76%
Pavilions	748,987	\$1,060,000	42%
Willow Island & Quann Park	353,331	\$390,000	10%
<b>Total</b>	<b>5,574,025</b>	<b>9,140,000</b>	<b>64%</b>
<b>Net Operating Income</b>	<b>\$3,117,594</b>	<b>\$5,150,000</b>	<b>65%</b>

\*2017 Dollars  
Source: Hunden Strategic Partners

HSP projects a 64 percent increase in revenues by the stabilized year, resulting in a total operating revenue of 14.3 million for the AEC facilities. HSP projects an increase in expenses of \$3.6 million, resulting in an increase in net operating income of more than \$2 million for the AEC facilities if all recommended expansions and improvements occur. The largest changes physically would be to the Exhibition and Conference Center as well as the Coliseum, which would be completely renovated and expanded.

### Impact of Recommendations

The following table summarizes the net new visitation and impacts at the AEC facilities as a result of the recommended improvements.

**Table 4**

<b>Summary of Visitation &amp; Impacts at Major AEC Components</b>											
<b>Component</b>	<b>Current Attributed Attendance</b>	<b>Current Non-Dane County Daytrips</b>	<b>Net New Non-Dane County Daytrips</b>	<b>% CHANGE</b>	<b>Current Room Nights</b>	<b>Net New Room Nights</b>	<b>% CHANGE</b>	<b>30-Year New Spending (Millions)</b>	<b>New FTE Jobs</b>	<b>New 30-Year Local Taxes (millions)</b>	<b>Cost (millions)</b>
New Hotels & Restaurants - Private	0	0	65,744	100%	0	69,204	100%	\$1,799	709	\$35	\$193.4
Ex Hall/Conference/Parking	323,448	88,080	23,099	26%	92,277	49,099	53%	\$2,079	355	\$27	\$121.7
Coliseum	186,862	26,660	21,598	81%	19,089	10,451	55%	\$663	221	\$7	\$104.7
Pavilions	141,977	30,831	13,277	43%	56,461	31,848	56%	\$1,251	396	\$17	\$7.1
Willow Island & Quann Park	157,000	35,420	6,374	18%	9,103	3,648	40%	\$177	31	\$2	\$8.4
<b>Total</b>	<b>809,287</b>	<b>180,992</b>	<b>130,092</b>	<b>72%</b>	<b>176,930</b>	<b>164,250</b>	<b>93%</b>	<b>\$5,969</b>	<b>1,711</b>	<b>\$87</b>	<b>\$435.2</b>
										<i>Est. Public %</i>	<i>56%</i>
										<i>Est. Public \$</i>	<i>\$241.9</i>

Source: Hunden Strategic Partners



HSP projects more than 130,00 net new non-Dane County day trips and 164,000 net new room nights per year as a result of the improvements recommended for the AEC. The projected 30-year new spending at the AEC totals nearly \$6 billion, and HSP projects more than 1,700 new full-time equivalent jobs as a result of the improvements. Overall, the 30-year fiscal impact for the project totals \$87 million.

## **Governance**

One of the most important decisions for a public entity that is considering the short- and long-term strategies for large public venues is the management structure of the facilities. The manner in which a municipality or county structures the type of management of the facilities is central to the success of the project. Community leaders need to implement the best management structure under which public facilities would operate to best suit the needs of the county, and to foster the success of the project.

### *Pros and Cons of Management Structures*

Facilities can be effectively run within any structure if the right, qualified management personnel are in place and the incentives and expectations are appropriate for such management. Also, it is critical that the owner (whether a municipality, authority, etc.) understands the sports, entertainment, events, conventions and hospitality industry. An undereducated owner (regarding this industry) coupled with any management team provides an opportunity for economic and mission failure. Within any structure, safeguards and expectations must be in place to ensure everyone is operating with the same goals.

The two dominant types of management are public operation through the owner's employees, or private management that contracts with the municipal owner. As with ownership structure, pros and cons exist for both types of management of event facilities.

### *Private Management*

The following are implications of choosing a private management company:

- Competition drives improvements. There are several major management companies for arenas, events centers and similar facilities. By making them compete initially for a contract, the owner has a choice of vendors who will commit to excellence. Then, by reviewing and re-bidding the contract every four to five years, the threat of continued review and competition will keep the existing manager on point and allow the other bidders to offer something better.
- Such companies specialize in public assembly facility management, including convention centers, arenas and event centers, are generally members of the trade association IAVM and should be able to operate the facilities in a competent and creative manner.
- Management companies know how to maximize revenue and minimize expenses without hurting service. They also know how to staff the building with the minimum amount of manpower (which is the largest portion of expenses for a events center). Because staff is generally non-union, under-performing employees can be terminated without a lengthy process. And if labor is union, companies are in a better position to negotiate than city staff that may have political concerns. Either way, payroll costs can be minimized.

- Because private management companies manage multiple facilities, they typically train managers over time through junior roles and advance them to manage facilities only when adept at the job. They also have a network of resources (contacts, training) to assist if the local building should need additional resources.
- Private managers should be well versed in negotiating food and beverage contracts, advertising and sponsorship deals, and related deals for the building.
- If an owner (municipality or authority) is unhappy with the job of management, they have several options to remedy the situation, including requesting the removal of the manager through the management company. The management company can then provide options to the owner for replacing the manager in question.
- Private management companies have relationships with national and regional event promoters, planners and other facility users and this provides several benefits:
  - Private management should be able to fill space within their booking window due to their relationships with such event promoters.
  - Such companies can develop custom shows and events with these promoters specifically for the market if a gap exists in the market.
  - Multi-venue deals can decrease costs for the facility.
- Because of performance-based compensation, operating results should be stronger.
- Generally speaking, private management companies have a more efficient and quicker procurement process for goods and services than the public contracting process.
- Private management companies charge fees above and beyond the cost of their general manager. The management fee is typically a flat amount with a bonus that can be achieved by meeting certain goals annually. These deal points are critical to the building's success and should be reviewed carefully. Ultimately, the efficiency, customer service, and financial results produced via the management company should more than make up for their fee, but deal negotiation is still critical.
- There can be a concern of lack of control by the municipal owner over a private management company, but those checks and balances are recommended by HSP and can be properly calibrated with the right agreement.
- General managers could potentially turn over at a higher rate as new opportunities present themselves within the company's other facilities. However, this can also occur amongst public managers.

### *Public Management*

The following are discussion items related to public management:

- Managers working directly for the public sector owner can be successful and effective in terms of operations if they have been trained in the industry and have excelled in other markets. However, it is key that their contract has the same stipulations that a private management company would in terms of management, marketing, revenue generation, expense control, customer service, etc. Also, it is imperative that the owner (if it is a not-for-profit corporation or



the municipality directly) either be competent in arena/events center and hospitality management and marketing and/or retain an owner's rep/asset manager who can review and interpret the performance of management for the owner. Managers, whether public or private, control the data and message related to that data for the facility and it is therefore very important that someone who knows the industry can ask the right questions and review compliance with performance objectives. This can also be mitigated somewhat through the management contract.

- If the manager and staff are extensions of the public sector, they can be influenced by political and other public sector personalities and decisions. One administration may not want to retain a past administration's manager and could demand the change, despite good performance by the manager. Or the opposite could occur, where the facility's performance suffers because municipal leaders keep the non-performing manager in place in order to maintain personal relationships.
- When event facilities are extensions of city departments and are not stand-alone enterprises, the revenues and expenses (and subsidies) can get mixed in with other department funds and can be hard to determine. This occurs in certain municipalities and can cause great financial confusion. Setting up the building as an enterprise keeps the responsibility for its performance within the building.

These types of facilities are significant businesses and must be responsive to the needs of the market. When well run, they can generate net income for the owner. If treated as a public amenity, they can cause significant financial deficits, which the owner – in most cases, the public sector, would cover. As such, if they are to be owned and operated by the public sector, then a separate enterprise entity should be created to operate the sports complex. The goal for the venue will be to both generate economic and fiscal impacts as well as maximize revenue and minimize expenses. However, one or more private entities operating the facility like a business and renting the facility from the public would put the risk on the private sector and away from the public sector.

#### *Authority Directed Management*

A third, popular way to govern public event facilities is with an authority model. This occurs when an independent authority (often appointed by elected officials) hires an independent manager or a management company to run the facility. The CVB (convention and visitor bureau) can be included under this structure as well as, and report to, or receive funding from the authority. The authority receives funding from dedicated tax revenues most often. Essentially, the facility management team (private company or independent team directly hired by the authority) would report to the authority. Also, the CVB could receive funding and report up to the Authority. This would ensure cooperation between the CVB and facility stakeholders and also make sure the efforts of the total structure are aligned.

Such a structure would not need to include the CVB. However, the key is that a permanent funding mechanism would support the AEC and a non-political body would asset manage the facility and hire an independent manager. This can also keep the facility from direct day to day influence by and on the current leadership, regardless of their position on the value of the AEC.

In HSP's view, the authority model presents the best of both worlds, as it includes enough public influence to be beneficial, but not so much that it could be a long-term drag or challenge to day-to-day and long-term

operations. It also allows for independent management, not necessarily private management. This keeps the management team accountable to the authority, which has an arms-length relationship with County and potentially city leadership.

## **Conclusion**

Dane County has a unique opportunity to take a successful and impactful campus and leverage the current economic and political conditions to recreate the campus in a way that doubles its impact on the community. With strong leadership at the helm throughout County government, a committed CVB and strong management, the time is potentially ideal to move forward with a funding, governance and redevelopment plan that addresses the recommended improvements, especially the Coliseum. As the biggest drain on the AEC's reputation and business levels, transforming the Coliseum first has the potential to generate the positive energy of change that should usher in succeeding improvements, expansions and connectivity as recommended in this report.

The balance of this report is made up of detailed analyses, divided into 13 chapters. Each chapter includes a profile and analysis of a different element impacting the AEC.

DRAFT

## Report Layout

- Executive Summary
- Chapter 1 Alliant Energy Center Profile
- Chapter 2 Economic and Demographic Analysis
- Chapter 3 Arena, Concert, & Event Market Analysis; Trends
- Chapter 4 Convention Center Industry Trends
- Chapter 5 Meetings & Events Market Analysis
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## About Hunden Strategic Partners

Hunden Strategic Partners is a full service real estate development advisory practice specializing in destination assets. The firm provides a variety of services for all stages of destination development in the following primary areas:

- Real estate market and financial feasibility and financial consulting
- Owner's representation and operating consulting
- Strategy and master planning
- Public incentive analysis
- Economic, fiscal and employment impact analysis (cost/benefit)
- Economic and tourism policy/legislation consulting
- Organizational development
- Research and statistical analysis
- Developer solicitation and selection; Private management company solicitation and selection

Hunden Strategic Partners professionals have provided all of the above services for hundreds of client projects worldwide for the public, non-profit and private sectors.

## **Limiting Conditions**

HSP relied on primary and secondary sources of information for the assumptions made in this report and assumes these sources to be accurate. Assumptions created for the analysis were based on the data available to HSP during the study period as well as professional judgment.

The Project is assumed to be owned and operated in a first-class manner by parties who have operated similar facilities.

No responsibility is taken for unforeseen events occurring after the date of the analysis, including war and terror attacks, natural disasters and major economic recessions.

This report is intended to be used as a tool for decision-making by the contracting parties related to this Project and for no other purpose.

DRAFT

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## **ALLIANT ENERGY CENTER PROFILE**

The Alliant Energy Center (AEC) campus spans 164 acres and consists of the Veterans Memorial Coliseum, New Holland Pavilions, Exhibition Hall, Willow Island and the Arena building, as well as more than 5,700 parking spaces and the on-site Clarion Hotel. The AEC is owned and operated by Dane County, having paid off the mortgage and retained ownership of the property in 1941. Unlike most municipal owned facilities, the AEC operates without a subsidy from Dane County, and is run similar to a for-profit entity, utilizing the revenues generated from its operations to pay its 31 full-time personnel, operations, as well as maintenance and capital expenses. Additionally, the AEC is in a unique position as the campus is located within the Town of Madison, which is poised for annexation by the City of Madison by the year 2022.

The AEC is located just west of John Nolen Drive and is positioned less than one mile northwest of Highway 18, allowing the Center to serve as a gateway into the City of Madison. There are four hotel properties located within a half mile, including the 140-room Clarion Suites, the 111-room Holiday Inn Express & Suites, the 239-room Sheraton Hotel and the 91-room Comfort Inn Madison Downtown Hotel. Additionally, there are four major access points into the AEC including the main entryway off Rimrock Road and secondary entryways located off John Nolen Drive, Olin Avenue and Rusk Avenue. Secondary entryways to the facility are often closed, unless a major event is taking place on the campus.

The following figure shows the overview of the AEC campus with major assets labeled.



Figure 1-1



All major on-site facilities, excluding Willow Island, are centrally located the AEC campus. The exhibition hall is positioned on the southern side of campus, and the arena, New Holland Pavilions and the Veterans Memorial Coliseum are located on the northern side of campus, north of the major access road, Alliant Energy Center Way. A brief overview of the on-site facilities can be found below, and a further analysis of these facilities, and an overview of their respective performance, can be found later in the chapter:

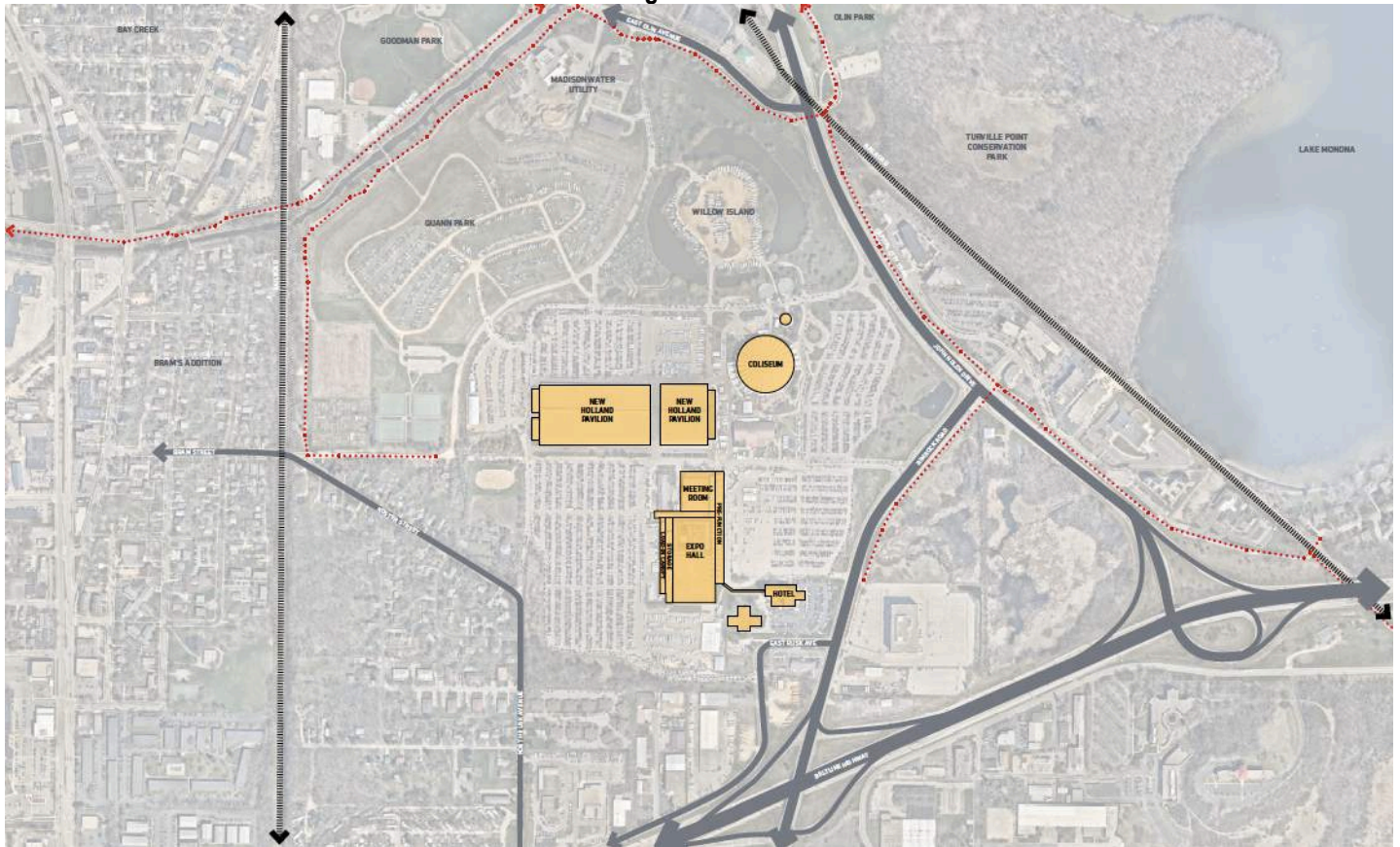


- The **Veterans Memorial Coliseum** was built in 1967, and features 8,200 fixed seats, with an all-in capacity of more than 10,000. The Coliseum boasts eight suites, two concourse levels and two newly renovated loading docks. The Madison Capitols are the primary tenant at the Coliseum and they compete within the United States Hockey League (USHL). The Coliseum will be a primary focus throughout this report due to its iconic design and the role it plays within the Madison community.
- The **New Holland Pavilions** opened in 2014 and are the newest buildings on the AEC campus. In total, the two pavilions offer more than 290,000 square feet of space, which is divided between 7,900 square feet of pre-function space, the 90,000-square foot Pavilion 1 and 200,000-square foot Pavilion 2. The New Holland Pavilions were developed to replace nine aging agricultural barns, and to better accommodate the numerous AG shows hosted at the AEC.
- The **Exhibition Hall** opened in 1995 as the largest convention facility in the state at 255,000 total square feet. The venue features 100,000 square feet of unobstructed exhibit space in addition to 14 meeting and conference rooms accounting for 20,000 square feet of function space. The Exhibition Hall is also located adjacent to the Clarion Suites Hotel, which features 140 guestrooms, and is conveniently connected via an enclosed walkway.
- The 22,000-square foot **Arena Building** opened in 1954, and it is the oldest facility on the Alliant Energy Center's campus. Since its opening, the Arena building has been remodeled, and now includes a grandstand seating capacity for 550 people. Formerly, the Arena building hosted hockey games, however, the building is now used to host a variety of agricultural-related events such as horse shows and livestock presentations, as the floor can be formatted for dirt, carpeting, or concrete.
- **Willow Island**, AEC's outdoor entertainment and event venue, encompasses approximately six acres. This venue is utilized for outdoor festivals, music concerts and corporate gatherings in addition to overnight camping. Willow Island features 99 overnight campsites, 25 of which feature 20/30/50 amp hook-ups and the remaining 74 of which feature 20/30 amp hook-ups. Willow Island has three access points, and is surrounded by two water ponds.

## Overview of Existing Conditions

The following figure shows an aerial view of the campus and surrounding community.

Figure 1-2



### *The Surrounding Context*

The Alliant Energy Center campus is uniquely situated between major arterials, John Nolen Drive and the Beltline Highway, on its east and south sides; the Bram's Addition and Capitol View Heights neighborhoods to the west; and Quann Park to the north. The campus is just two miles from the heart of downtown Madison and enjoys adjacency to Lake Monona, Goodman Park, Turville Point Conservation Park, Olin Park, and Goodman Park. Given its accessibility to major routes, proximity to downtown, and surrounding amenities, the Alliant Energy Center campus is well-positioned for growth and broader appeal.

- Arterials and Access:** As a major arterial connecting downtown to the Beltline Highway, John Nolen Drive carries well over 20,000 cars per day and directly links to West Expo Drive on the Alliant Energy Center campus, as well as to Rimrock Road, which directly links to Alliant Energy Center Way. The Beltline Highway, accessible to John Nolen Drive and Rimrock Road by exits 263 and 262, carries well over 120,000 cars per day. These adjacent, high-capacity arterials offer access, high-visibility, and prime exposure to eastern portions of the campus. North of campus, Olin Avenue links John Nolen Drive to South Park Street, a major commercial corridor. In between, Expo Way links to Olin Avenue. This link represents a vehicular access point from surrounding neighborhoods without. On the far west side of campus, Bram and Koster Streets

form an intersection, from which vehicular passage is limited until the west limits of the Alliant Energy Center campus. At this point, vehicular access is prohibited.

- **Neighborhoods:** To the west, the Bram's Addition and Capitol View Heights neighborhoods border the Alliant Energy Center campus. To the north is the Bay Creek neighborhood. These neighborhoods are primarily comprised of single-family housing, with some multi-family housing present. Neighborhood-serving retail and dining uses line South Park Street and a modest amount of industrial development is present along portions of the active rail lines that border the neighborhoods. These adjacent neighborhoods, as well as others such as Burr Oaks and Greenbush, represent a significant daily population within a short distance to the Alliant Energy Center campus.
- **Connectivity:** Along John Nolen Drive, the Capital City Trail is a major public amenity connecting to downtown, Lake Monona, Turville Bay, and the Capital Springs State Recreation Area. Along Olin Avenue, existing trails connect towards the west along Wingra Creek and the Wingra Creek Bike Path, which has broader connectivity to Good Man Park, Goodman Pool, and Henry Vilas Zoo. These various bicycle and pedestrian systems link at the intersection of John Nolen Drive and Olin Avenue, offering the Alliant Energy Center campus tremendous multi-modal connectivity. Though the Capital City Trail parallels John Nolen Drive, the trail exists on the east side of this high-capacity arterial, making for difficult crossings into the Alliant Energy Center campus at West Expo Drive and Rimrock Road. Sidewalks along Bram Street and trails within Quann Park further enhance connectivity to amenities and neighborhoods. Trails and sidewalks exist along Rimrock Road from John Nolen Drive to East Rusk Avenue.

### *The AEC Campus*

The Alliant Energy Center campus is comprised of facilities and venues, roadway systems, parking areas, ponds, and open space. Much of the campus land area is devoted to facilities, venues, and parking areas. The Veterans Memorial Coliseum is an iconic architectural focal point and is considered by many to be a local landmark. Willow Island is a popular outdoor venue that is comfortably secluded and uniquely surrounded by ponds. The site is relatively flat and is somewhat buffered from the western neighborhoods by existing tree stands. Much of the campus open space is distributed about the site's perimeter.

- **Access and entrances:** Major campus access points exist at Expo Way/Olin Avenue, West Expo Drive/John Nolen Drive, and Alliant Energy Center Way/Rimrock Road. Other campus access points exist further south on Rimrock Road and East Rusk Avenue. The Alliant Energy Center Way/Rimrock Road entrance is considered the main campus arrival. From adjacent high-capacity arterials, wayfinding to the Alliant Energy Center campus is somewhat defined; entrances are somewhat announced by signage and gateway elements. The north, east, and south perimeter of campus is characterized by a degree of open space. From the west, the campus is adequately buffered from existing neighborhoods; pedestrian connectivity into campus is somewhat accommodated.
- **Vehicular and pedestrian circulation:** Vehicles circulate campus primarily via Alliant Energy Center Way, Expo Way, West Expo Drive, and Veterans Drive. Roads appear adequately sized for traffic volumes. Circulation around campus could be more efficient and clearer. In numerous places, road systems double as parking lot drive aisles. This duplicity compromises the efficiency of the road network and of the parking areas. Since only a few sidewalks exist along

campus roads, there is a missed opportunity to connect the campus to existing trail amenities along John Nolen Drive, Olin Avenue, and Rimrock Road. An absence of sidewalks around Willow Island also limits broader connectivity within the campus and to existing regional trail systems. Pedestrian connections at Quann Park are not adequately connected to other pedestrian systems within the Alliant Energy Center campus.

- **Parking:** Existing parking areas ring facilities and venues, are vast, and appear to be fairly efficient. For some events, eastern parking areas are used as exhibit space. For the largest events, parking areas are completely filled, indicating the need for an expansion of parking. In areas where primary roadways bisect parking areas, the efficiency of both systems are compromised and opportunities for additional parking spaces are lost. In other areas, the opportunity for additional parking exists. Pedestrian amenities, such as sidewalks, landscape, and shade from trees, exist in just a few parking areas.
- **Service and loading:** The location of service and loading areas is typically tucked at the back of facilities. However, these areas tend to be undersized and quite visible. Some service and loading areas are adjacent to primary campus roads, with little separation and concealment.

## Facility Profiles

### *Veterans Memorial Coliseum*

The Veterans Memorial Coliseum, considered the most iconic facility located on the AEC campus, is highly visible to those passing by on John Nolen Drive. Under the inspiration of Googie architecture, the venue features a domed roof, bright red and white façade and numerous sheet-glass windows. The Coliseum opened in 1967 and has a maximum capacity for 10,231 people, including eight suites and major access points via the two lobbies on both the east and west ends of the facility.

The following figure shows a picture of the Veterans Memorial Coliseum taken from the south. The right side of the photo shows the entryway leading into the eastern lobby.



Figure 1-3



The Veterans Memorial Coliseum has recently undergone renovations to expand and improve the back of house loading docks. Renovations to the loading docks cost more than \$500,000, and were implemented to better accommodate the load-in and load-out experience for those performing at the venue. Additionally, the Dane County Board of Supervisors recently approved an approximately \$78,000 contract with Dorschner Associates, Inc. to update and remodel the Coliseum's 16 bathrooms by August 1, 2017. Renovation plans also call for repainting of the Coliseum's interior, which is set to be completed by April 2017.

The Coliseum is a highly flexible venue that can be formatted for a variety of event types, including those that require ice, sport court, astro turf, dirt, concrete or carpeting. The venue features a unique lower bowl and up to 75,000 square feet of flexible function space, allowing for the setup of approximately 360 exhibit booths. As the AEC furthers its commitment to the AG industry, the flexible Coliseum is often used to host premier AG events requiring a dirt floor and seating.

As of January 1, 2017, the Alliant Energy Center and SMG entered into an agreement whereas SMG is to provide consulting and business development services over a five-year term ending December 31, 2021. Per the agreement, the two parties have agreed to share event revenues as well as a percentage of gross revenues derived from the sale of new advertising and sponsorships in or on the Veterans Memorial Coliseum, excluding existing sponsorship agreements. The following bullet points outline the primary services to be provided by SMG:

- SMG will aim to increase revenues and bring to the Veterans Memorial Coliseum new concert events, family shows and other live performances,
- SMG will work with the AEC to increase sponsorship and advertising revenues at the Veterans Memorial Coliseum,

- SMG will consult on capital improvements to the Veterans Memorial Coliseum, and
- SMG will fund, up to \$150,000, the addition of a booking and marketing management position at the Veterans Memorial Coliseum.

In 2016, the Veterans Memorial Coliseum was utilized for 57 events including three AG-related events, five concerts, and 41 sporting events. However, 85 percent of the sporting events hosted at the Coliseum in 2016 were home games for the Madison Capitols. The Capitols play in the United States Hockey League (USHL), and have been the primary tenant at the Coliseum since the 2014 – 2015 season. During the 2014 – 2015 season, the Capitols played a total of 30 home games and drew approximately 33,200 attendees, equating to an average attendance of more than 1,100 people per game.

#### *Condition*

The iconic concrete roof structure of the Coliseum has withstood the test of time, becoming a fixture within the community for its memorable design. Initial observations suggest the concrete structure and main shell roof are in good structural condition. However, low roofs over the loading and support functions of the building have water infiltration and plant growth between pedestal pavers. The observed presence of plant growth on these low roofs suggest retained water and soil mass. This moisture encourages unhealthy mold, mildew within the building roof and wall cavities. Exterior wall assembly of the Coliseum is outdated and single layer sheet metal membrane does not perform as an energy efficient barrier to the local weather. Air infiltration to the concourse was noticeable during a site visit as well. Subsequently, this adds significant energy consumption to condition the building in the most extremes of the winter and summer seasons.

**Figure 1-4**



Figure 1-5



Entry nodes on the East and West have newer storefront glazing and doors, and the two main lobby areas are undersized for their current needs. The lobby is narrow and patrons must immediately go up or down steps. Current facility trends have evolved to needing queuing space for ticketing, baggage check, and often concession/merchandise offerings. The social nature of the event going experience has changed. There is currently one passenger elevator off the West Lobby. Such accommodations are no longer within code or best practice.

Figure 1-6





Exterior to the Memorial Coliseum proper are two round storage bins and a round cooling tower building, north, adjacent to Willow Ponds. The storage structures are displaced and do not serve the building well. The distance and shape of these structures are both inherently inefficient, and event planning and management could benefit from storage immediately adjacent to the event floor for improved efficiency, and desirability within the arena show marketplace.

Figure 1-7

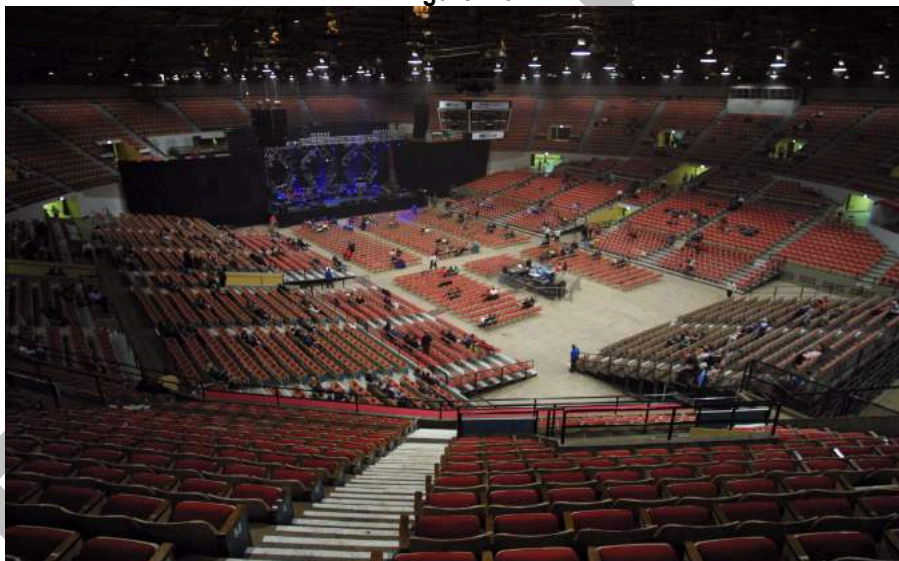


Interiors of the facility are in comparable condition to the exterior. Core structural strength seems sound, though a full structural assessment should be made ahead of any renovation work. Event level show area is a building asset. This offering provides show space most arenas do not have. Locker rooms are undersized and outdated for current standards and back of house functions are limited by remote storage, event turn-over time and staffing requirements are impacted by this factor. Similarly, patron experience is limited by the current footprint of the facility. The age of the facility is directly related to these factors. Low ceilings, narrow concourse width with no views into the seating bowl, and limited apertures out to the surrounding context do not encourage the venue goer to circulate the building, rather provide an efficient means of circulation. Point of Sale (P.O.S.) Concession and Restroom Fixture count ratios to venue patrons are lower than facility standards and in the case of the fixtures, current code, due to age of the original facility.

Figure 1-8



Figure 1-9



Memorial Coliseum seating bowl currently accommodates approximately 10,200 people at maximum capacity. The bowl configuration is configured to accommodate a 100' x 240' floor show. The facility also has the ability to host events on a typical 85' x 200' ice rink. Lower bowl seating at is an orthogonal geometry to match these event sidelines, while upper bowl seating is radial to follow the geometry of the building envelope. This configuration creates a unique layout of seating, though it is not an ideal configuration. Seats of the upper bowl are subsequently further from the event at prime seat location.

### *New Holland Pavilions*

The two New Holland Pavilions are the newest venues to be developed on the AEC campus, having opened in 2014. The two pavilions (Pavilion 1 and Pavilion 2) span 290,000 square feet, and were developed at a cost of \$24 million, replacing nine former agricultural barns located on the campus. Funding for the Pavilions came from a variety of sources, including \$9 million from the State of Wisconsin and \$8.2 million from the Alliant Energy Center, as well as from Dane County and major events including the World Dairy Expo and the Midwest Horse Fair. Additionally, New Holland Agriculture agreed to a ten-year naming agreement beginning in 2013 and ending in 2023, totaling a \$1.5-million investment. Through this agreement, New Holland Agriculture made a down payment of \$500,000 and granted the AEC annual use of seven pieces of heavy equipment, at no cost, throughout the term of the naming rights agreement.

The following figure show a picture from outside Pavilion 1.

**Figure 1-10**

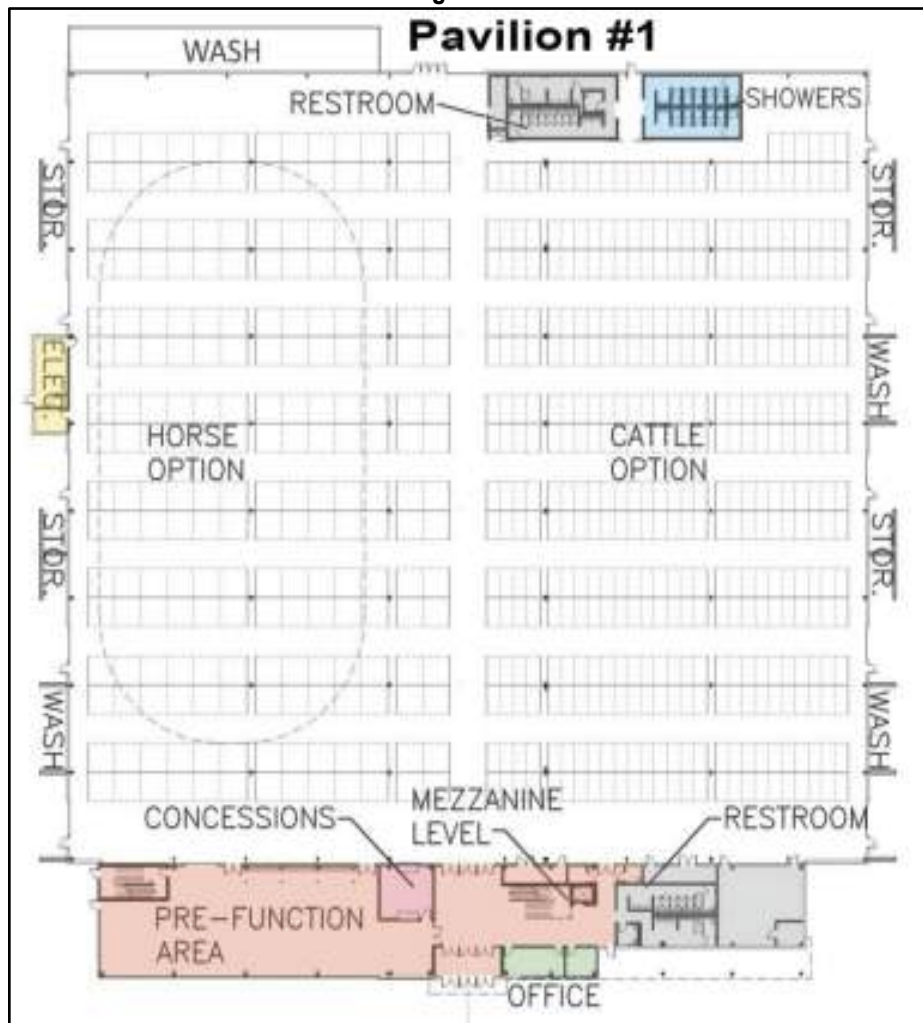


Pavilion 1 is the smaller of the two New Holland Pavilions, offering 90,000 square feet. Included in the 90,000 square feet is a 7,900-square foot pre-function area designed to accommodate banquets and receptions. Pavilion 1 boasts a cattle capacity for up to 800 and a horse capacity for up to 400, in addition to one permanent show ring with dirt flooring. Pavilion 1 also features year-round heating and covered wash bays, manure storage, restrooms, showers, Wi-Fi and outdoor walkways. Additionally, Pavilion 1 features access to the milking parlor found in Pavilion 2.

The following figure shows the layout of Pavilion 1.



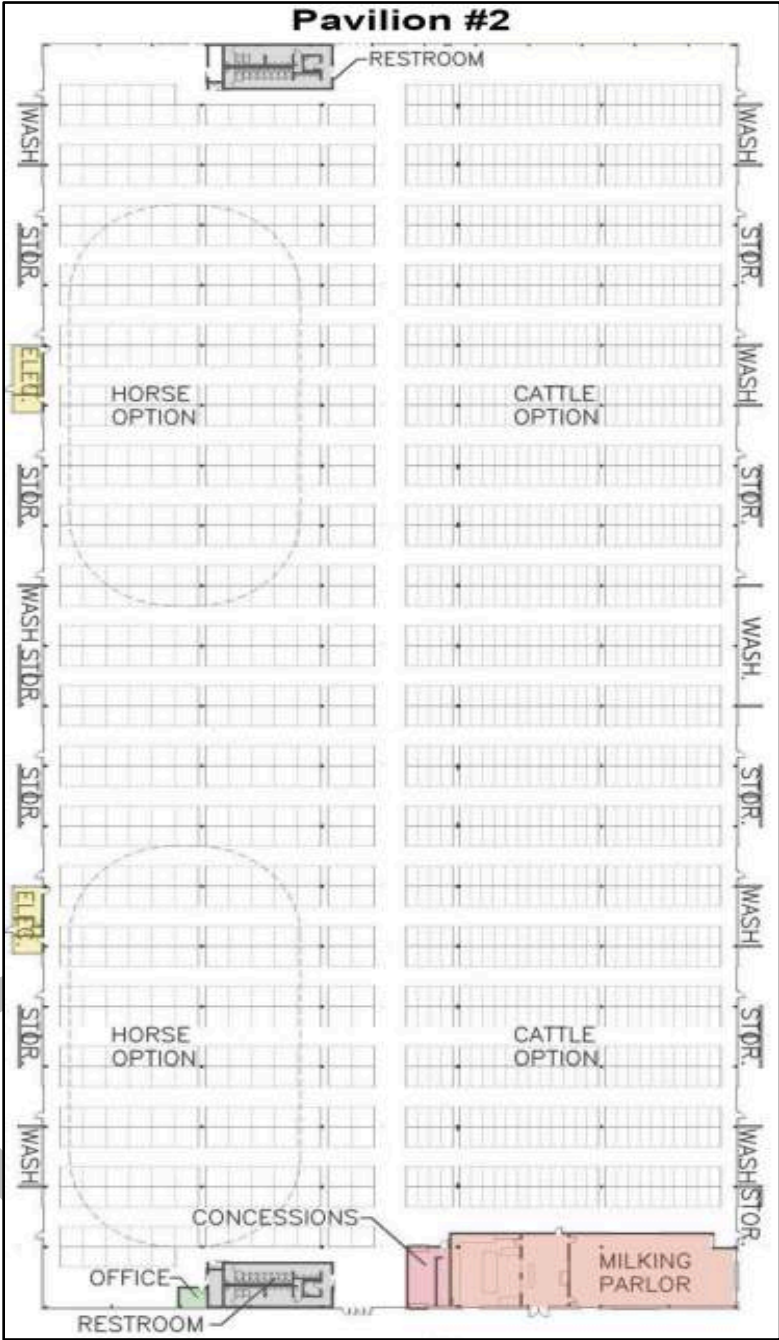
Figure 1-11



Pavilion 2 spans 200,000 square feet and it boasts a cattle capacity of 1,800 and a horse capacity of 900. Unlike Pavilion 1, Pavilion 2 does not feature a heating system or showers. However, Pavilion 2 boasts a milking parlor in addition to office space, concessions, Wi-Fi, restrooms, covered wash bays, covered manure storage and outdoor covered walkways. As Pavilion 2 is more than two times the size of Pavilion 1, it can be formatted with two dirt show rings that are often divided between one warm-up ring and one performance show ring. Pavilion 2 is located just west of and adjacent to Pavilion 1, allowing for convenient access between the two venues. Additionally, both New Holland Pavilions boast a 120-foot clear span, and a total of 30 overhead garage doors, each of which is adjacent to a covered wash and manure rack.

The following figure shows the layout of Pavilion 2.

Figure 1-12



In 2016, the New Holland Pavilions were used for 36 events, Pavilion 1 hosted 19 events, Pavilion 2 hosted ten events, and seven events were held at both pavilions. A majority of the usage in 2016 came from agricultural-related events (18 horse-related events and eight livestock-related events). Additionally, the New

Holland Pavilions were used to host 4-H events, conference events, consumer shows, meetings and one family show.

### *Condition*

Generally, the Pavilions are considered to be extremely high-quality venues that are capable of accommodating a variety of events. The lack of a permanent show ring currently results in a significant time and labor cost for the complex, and the overall connectivity to the rest of the campus can be improved. HSP's analysis, discussed in greater detail in chapter 7 of this report, indicates that while the new, high-quality Pavilions have been a successful addition to the campus, minor improvements to the facilities present opportunities.

### *Exhibition Hall*

The Exhibition Hall at the Alliant Energy Center opened in 1995 and spans 255,000 square feet, making it, at that time of opening, the largest exhibition hall in the state. The function space at the Exhibition hall is divided between a number of components, including a 100,000-square foot column-free exhibit hall, a 75,000-square foot loading dock, a 30,000-square foot lobby and 14 breakout meeting rooms divided between the eight Mendota Rooms and the six Lake Rooms. Additionally, the Exhibition Hall is connected to the 140-room Clarion Suites Hotel via an enclosed walkway.

The following figure shows a picture of the Exhibition Hall's façade.

Figure 1-13



The unobstructed exhibition space at the AEC's Exhibition Hall features 30-foot ceilings and enough function space to accommodate up to 650 exhibition booths. Rental of the Exhibition Hall also includes full-service decorating, which covers carpeting, piping and draping, as well as high-speed wireless internet access. The AEC recently completed an overhaul aimed at improving access to its wireless internet capacity.

The following table outlines the rentable function space available at the Exhibition Hall.

**Table 1-1**

<b>Function Space Breakdown - Exhibition Hall</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Exhibition Hall</b>			
Exhibition Hall	100,000		4
Hall A		25,000	
Hall B		25,000	
Hall C		20,000	
Hall D		30,000	
<b>Exhibition Hall Total</b>	<b>100,000</b>		<b>4</b>
<b>Meeting Rooms</b>			
<b>Mendota Rooms</b>			
Mendota 1	2,040		1
Mendota 2	1,800		1
Mendota 3	1,800		1
Mendota 4	3,000		1
Mendota 5	1,496		1
Mendota 6	1,320		1
Mendota 7	1,320		1
Mendota 8	2,200		1
<b>Lake Rooms</b>			
Monona	1,088		1
Wingra	960		1
Waubesa	960		1
Kegonsa	896		1
<b>Other Meeting Rooms</b>			
Exhibition Hall Boardroom	960		1
Madison Room	480		1
<b>Meeting Room Total</b>	<b>20,320</b>	<b>--</b>	<b>14</b>
Hotel Rooms	140		
Total Exhibit Space	100,000	/ Guest Room	714.3
Total Meeting Space	20,320		145.1
Total Ballroom Space	--		--
<b>Total Function Space</b>	<b>120,320</b>		<b>859.4</b>
Exhibition Hall Divisions	4	/ 100 Guest Rooms	2.9
Meeting Room Divisions	14		1.0
<b>Total Divisions</b>	<b>18</b>		<b>12.9</b>

Source: Alliant Energy Center, Hunden Strategic Partners

The Exhibition Hall and its accompanying 14 meeting rooms host a variety of events including banquets, ceremonies, conferences, consumer shows, conventions, family shows, festivals, meetings, sporting events, testing and exams, and trade shows. The column-free exhibit space is primarily used to host trade shows, consumer shows, banquets and conventions, as the entire venue offers up to 100,000 square feet of space. It



can also be divided into four individual rooms ranging from 20,000 square feet to 30,000 square feet. In 2016, the exhibition hall hosted more than 100 events, 22 of which used Exhibition Hall A, 11 of which used Exhibition Hall B, 13 of which used Exhibition Hall C and 11 of which used Exhibition Hall D. Additionally, more than 20 events used the entire 100,000 square feet of exhibit space, and more than 30 events used two or more of the halls. Examples of events that used the entire 100,000 square foot hall include the UW Health Transplant Program 50<sup>th</sup> Anniversary, the Dane County Fair, the Midwest Garden Show, the Madison RV Show & Sale, the FFA Convention and the Professional Dairy Producers Convention.

The following figure shows a picture from inside the 100,000-square foot Exhibition Hall formatted to host a youth taekwondo event.

Figure 1-14



The 14 breakout meeting rooms within the Alliant Energy Center's Exhibition Hall were used to host more than 175 events in 2016. The breakout meeting rooms were most often used to host banquets, ceremonies, conferences, consumer shows, conventions, testing and exams, and meetings. In 2016, Mendota Rooms 1 through 4, Mendota Rooms 5 through 8, Mendota Rooms 5 and 6 and a combination of all the Lake Rooms were the most popular meeting room combinations. Also in 2016, a combination of Mendota Rooms 1 through 4 were used for more than 30 events, and a combination of the four Lake rooms (Monona, Wingra, Waubesa and Kegonsa) were used for more than 20 events. Additionally, the Exhibition Hall Boardroom hosted 24 events in 2016, and was the most popular single room to host events.

#### *Condition*

While the condition of the physical function space is adequate, the Exhibition Hall is in need of significant upgrades in order for the AEC to maximize the market opportunity. Currently, the Exhibition facility lack storage space and adequate catering facilities, as well as the additional amenities necessary to accommodate youth sports events. The facility does not offer a ballroom, which is a necessity for attracting modern

convention planners, and the exhibit and meeting rooms space is hindering the growth of existing events. With improvements and expansion, the facility has the opportunity to increase its convention and consumer show business, as well as youth sports and ceremony events. HSP's analysis, discussed in greater detail in Chapter 5 of this report, indicates that size and flexibility of the exhibit hall is one of AEC's greatest strengths, but there is significant opportunity for the future of the exhibit hall and conference center

### *Arena Building*

The Arena Building is the oldest building located on campus at the AEC, having opened in 1954. In total, the building spans 22,000 square feet and was renovated in 1996. Primarily, the Arena Building is used to host small staged entertainment performances in addition to 4-H events and consumer shows. The venue has seating for 550 people across two sets of bleachers and can accommodate up to 105 exhibit booths.

The following figure shows a picture from inside of the Arena Building during the Midwest Horse Fair.

**Figure 1-15**



The Arena Building is centrally located on the campus, and is adjacent to both the Veterans Memorial Coliseum and New Holland Pavilion 1. In 2016, the venue hosted more than 20 events, including 12 4-H events. Also in 2016, the Midwest Horse Fair and three consumer shows including the Greyhound Pets of America, the Title Nine Blowout Sale and the Swim, Spa & Hot Tub Sale utilized the arena. Additional events that utilized the building in 2016 included the Cap Gun Show, Dane County Fair, On Wisconsin Annual Spring Pow Wow, Viva Mexico and the 6<sup>th</sup> Annual Fittest Farmhand.

### *Condition*



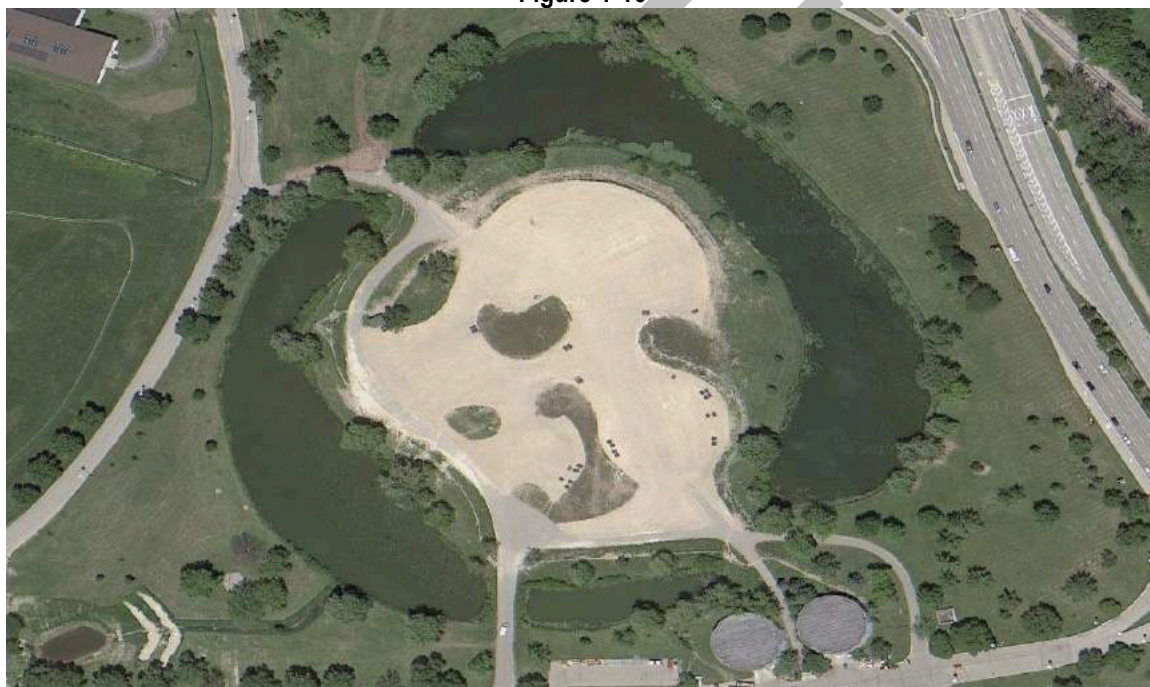
The arena building, while functional, is a deteriorating building that occupies central real estate on the campus. HSP's analysis of the arena building suggests that the arena continues to play a major role in events occurring on campus, but its central location is more suited for a higher and better use. Many events planners expressed the importance of maintaining the space that the arena building provides, even if it is relocated. Any new additions to the campus must compensate for the eventual removal of the complex.

### *Willow Island*

Willow Island, which spans approximately six acres, is the Alliant Energy Center's only outdoor entertainment venue. This venue is surrounded by ponds and has three access points, two on the south and one on the northwest part of the island. Willow Island is used for a variety of reasons including as an overnight campground, for live entertainment events, and as a festival ground.

The following figure shows an aerial picture of Willow Island.

**Figure 1-16**



Due to its proximity to the New Holland Pavilions, Willow Island often serves as the primary overnight camping location for people who do not want to leave their animals unattended. Overnight camping on the Island is on a first-come, first-serve basis, and features 99 electric campsites divided between 25 20/30/50 amp hookups and 74 20/30 amp hookups. As Willow Island is an outdoor venue, usage is seasonal and dominated by the warmer months. However, the Special Olympics Polar Plunge Winter Festival and the Winterfest Snow Making event both took place in January and February of 2016. Additional events that utilized Willow Island in 2016 included Bratfest, Bubble Run, Color Run, the Komen Race for the Cure and the Cap Gun Show.

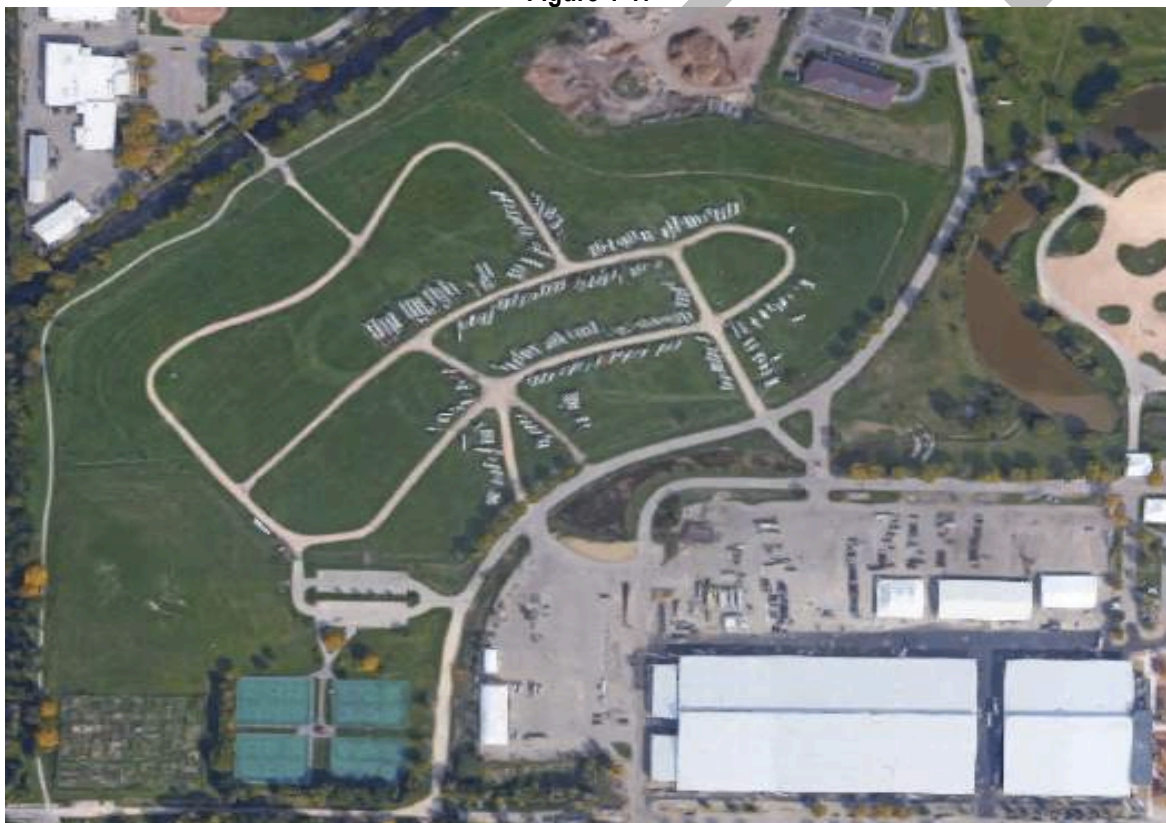
HSP's analysis of Willow Island indicated significant opportunity for improved connectivity and synergy with the rest of the campus and the surrounding community. The flexible, scenic area presents logistical issues for planners, and is underutilized on many occasions, according to the market analysis.

### *Quann Park*

Quann Park is a 55-acre park located adjacent to the Alliant Energy Center's campus. The park is situated directly to the north west of campus and is located across the Wingra Creek from Goodman Park. Quann Park houses twelve outdoor tennis courts and primarily serves the community as a dog park. Additionally, the Wingra Bike Path runs adjacent to Quann Park.

The following figure shows an aerial picture of Quann Park and the AEC's New Holland Pavilions (bottom right).

**Figure 1-17**



Although Quann Park is first and foremost an off-leash community dog park, Quann Park is often used as an overflow parking lot for large events hosted at the Alliant Energy Center. Major events to use Quann Park for overflow parking include the Midwest Horse Fair, Bratfest and the World Dairy Expo. Additionally, major 5K running events will often utilize both Quann Park and Willow Island, 2016 events to use this facility combination include the Bubble Run, the Color Run and the Komen Race for the Cure.

### *Clarion Suites at the Alliant Energy Center*

The Clarion Suites hotel is located on the Alliant Energy Center's campus and is connected, via enclosed walkway, to the Exhibition Hall's pre-function area. The hotel property features 140 guestrooms and opened in June of 2001. In addition to the breakout meeting space offered on the AEC's campus, the Clarion also offers guests three breakout meeting rooms totaling 2,350 square feet of function space and is divided between three rooms, Michigan Rooms A & B and the Superior Room.

In a signed agreement with the Alliant Energy Center, the Clarion has the exclusive right to operate a hotel on the AEC's campus as long as the hotel property maintains a three-diamond status. The agreement also states that the County of Dane cannot require the additional development of hotel facilities on campus unless occupancy at the Clarion exceeds 70 percent for a three-year period. Should occupancy surpass 70 percent for the consecutive three-year term, Clarion ownership has the first right of refusal for additional hotel developments on campus. Based on conversations with hotel management and local stakeholders, HSP understands that the Clarion's current occupancy is running at approximately 68 percent.

#### *Condition*

Recent investments and improvements have helped the property to maintain an adequate level of quality to be competitive in the market. Improvements over the last six months include new carpeting, new paint, and new beds at the property. As is discussed in Chapter 9 of this report, the location and connectivity of the Clarion are attractive to meeting planners, but overall AEC does not offer the appropriate number of walkable hotel rooms necessary to accommodate the size of the spaces on the campus. In addition, the lack of dining options and surrounding activity hinders the attractiveness of the entire complex.

## **Historical Event Data, Financial Performance & SWOT Analysis**

### *Historical Event Data*

To gain a better understanding of how the AEC operates and performs as a whole, HSP analyzed the number of events, event days, types of events and operating revenues captured by the facilities between 2011 and 2016.

The following table shows the number of events per year, by event type, between 2011 and 2016.

**Table 1-2**

<b>Alliant Energy Center - Total Event Count by Type</b>						
<b>Event Type</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Agriculture / 4-H	32	30	22	18	27	43
Banquet	35	36	31	31	37	40
Ceremony	26	42	37	41	30	18
Concert	16	14	4	5	4	7
Conference	30	28	13	14	16	14
Consumer Show	38	36	31	30	28	32
Convention	7	10	4	6	10	8
Family Show	9	6	5	6	7	5
Festival	5	4	4	4	5	4
Meeting*	93	133	147	133	106	135
Parking Lot Rental	15	20	16	18	12	21
Sporting Event	11	24	23	14	28	58
Trade Show	7	13	15	18	13	12
<b>Total Events</b>	<b>324</b>	<b>396</b>	<b>352</b>	<b>338</b>	<b>323</b>	<b>397</b>

Source: Alliant Energy Center, Hunden Strategic Partners  
 \*Meeting Category includes Testing/Exam and Civic Event Categories

The AEC is a versatile facility and can accommodate a number of event types due to its five on-site facilities. On average, the AEC has hosted more than 120 meeting events annually, utilizing portions of the more than 120,000 square feet of function space available in the Exhibition Hall. Primarily, meeting events take place in either the Lake Rooms or the Mendota Rooms within the Exhibition Hall Building, but events often use a combination of the two. Agricultural events are also a cornerstone of the AEC, and it is important to note the dip in the number of events from 2013 to 2014, which can be attributed to the development of the New Holland Pavilions that were completed in the latter half of 2014. During the development of the Pavilions, the number of buildings available to host AG-related shows were limited. In 2016, the AEC hosted 43 agricultural events, the highest total over the six-year period, and a 59 percent year-over-year increase compared to 2015.

It is interesting to note the steady decline in the number of conference events hosted at the AEC, decreasing from 30 events in 2011 to 14 events in 2016, or a more than 50 percent decline. Additionally, the AEC has seen a steady decrease in the number of concert and family events, specifically those hosted at the Veterans Memorial Coliseum. The decline in the number of concert events can be attributed to the deteriorating quality of the Veterans Memorial Coliseum and the lack of a partnership between the AEC and a nationwide promotion company. The AEC has taken steps to address this decline by partnering with SMG to provide management and business development services for the Coliseum. The number of sporting events has increased at the AEC, increasing from 11 events in 2011 to 58 in 2016. This more than 400 percent increase can be attributed to the relocation of the Madison Capitols Madison beginning in the 2014 – 2015 season. The Capitols play, on average, 30 home games per season. Although Madison Capitols hockey games account for a number of sporting events hosted at the AEC, the campus also hosts the WIAA State Hockey Tournament, cheer and dance competitions, wrestling competitions and race events.



The following table outlines the attendance totals, by event type, for the “top-rated events” hosted at the AEC from 2011 through 2016. A “top-rated event” is generally defined as any event generating more than \$10,000 in revenue for the AEC.

**Table 1-3**

<b>Alliant Energy Center - Total Attendance by Type (Top Events)</b>						
<b>Event Type</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Agriculture	132,000	152,200	139,800	147,100	165,000	169,400
Banquet	3,000	3,800	3,000	2,400	3,300	3,700
Ceremony	13,000	23,400	15,800	15,400	24,900	22,500
Concert	42,700	68,900	32,000	32,600	22,000	38,200
Conference	16,000	18,400	25,600	13,000	20,600	16,600
Consumer Show	167,600	178,300	177,100	163,700	184,900	174,400
Convention	44,200	7,500	17,500	50,500	36,000	9,800
Family Show	56,900	39,800	49,000	37,800	51,100	50,200
Festival	131,900	154,700	155,400	207,800	203,000	166,900
Meeting*	6,600	10,600	6,600	11,200	6,400	8,800
Sporting Event	75,600	95,800	101,700	92,700	121,900	136,800
Trade Show	8,300	10,800	13,900	14,100	13,800	12,000
<b>Total Attendance</b>	<b>699,600</b>	<b>768,200</b>	<b>742,100</b>	<b>791,400</b>	<b>854,400</b>	<b>810,800</b>

Source: Alliant Energy Center, Hunden Strategic Partners  
 \*Meeting Category includes Testing/Exam and Civic Event Categories

It is important to note that the data displayed in the table above is a representation of only the “top-rated events” at the AEC, and is likely why total attendance for meeting events is abnormally low (as most meetings are not considered to be “top-rated”).

The AEC hosts five or fewer festival events annually; however, festivals account for the greatest number of attendees, peaking at more than 200,000 in 2015. Major annual festival events to occur at the AEC include the Dane County Fair and Bratfest. Total attendance for concerts peaked at just under 70,000 in 2012, when 14 events were hosted; however, the total number of attendees has since declined to 38,200 in 2016 across seven events, or a decline of more than 40 percent. Additionally, approximately 169,000 attendees attended AG-related events at the AEC in 2016, an increase of just over 20,000 from 2014. Consumer shows also draw a high quantity of attendees, with just under 175,000 people in 2016.

The following table identifies the most highly attended annually-repeating events at the AEC from 2011 through 2016 and their respective historic attendance totals.

**Table 1-4**

<b>Annual Repeating Events at the AEC - Total Attendance</b>						
<b>Event Name</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Bratfest	70,000	100,000	100,000	150,000	150,000	125,000
World Dairy Expo	68,006	71,788	70,903	77,204	72,427	74,572
Midwest Horse Fair	47,702	70,557	63,173	60,109	62,346	62,000
DC Fair	55,405	53,816	47,365	57,808	46,507	35,000
Zor Shrine Circus	28,235	31,748	30,708	28,612	30,583	25,243
Deer & Turkey Expo	22,000	17,900	19,965	19,286	16,280	20,717
Garden Expo	18,880	18,471	15,107	16,738	14,719	16,027
Quilt Expo	14,999	15,282	15,058	15,130	15,811	16,872
Canoecopia	16,500	18,000	14,000	16,300	16,000	16,000
WIAA Hockey	17,497	14,537	17,626	12,225	14,529	12,814
Madison Fishing Expo	9,500	14,000	12,000	11,500	12,500	12,584
Model Railroad Show	7,700	10,000	11,750	9,000	9,000	9,000
<b>Total</b>	<b>376,424</b>	<b>436,099</b>	<b>417,655</b>	<b>473,912</b>	<b>460,702</b>	<b>425,829</b>

Source: Alliant Energy Center, HSP

Bratfest, annually the AEC's largest event is hosted on Willow Island, takes place in May and has drawn 100,000 or more attendees since 2012, however, attendance in 2016 has decreased from highs in 204 and 2015. The second highest-attended event, World Dairy Expo, takes place toward the end of September and runs through the beginning of October. Annually, the top 12 repeating events at the AEC draw more than 400,000 people, reaching more than 473,000 attendees in 2014.

The following table identifies the number of days for which each venue on the AEC's campus was used in 2016.

**Table 1-5**

<b>2016 Alliant Energy Center Use Days by Facility</b>	
<b>Facility</b>	<b>Use Days</b>
Arena	80
Exhibition Hall - Exhibit Space	259
Exhibition Hall - Conference Facilities*	526
<i>Lake Rooms</i>	259
<i>Mendota Rooms</i>	257
New Holland Pavilions	151
Parking Lots	103
Quann Park	26
Veterans Memorial Coliseum	103
Willow Island	98
<b>Total Use Days</b>	<b>1,346</b>

\*Includes Ex Hall Boardroom, Lake Rooms, Mendota Rooms, Madison Room & Atrium  
Source: Alliant Energy Center, HSP

HSP used data provided by the AEC to better understand the number of times each facility was active throughout 2016. Although the data does not account for partial use of the AEC's venues, its purpose is to compare the total number of days each facility was in use in 2016. Overall, the Exhibition Hall is the highest-utilized venue on the campus as it features more than 120,000 square feet of function space used to host banquets, ceremonies, conferences, consumer shows, family shows meetings, sporting events, testing's, exams and trade shows. Following the Exhibition Hall, the New Holland Pavilions were the next most-utilized venues in 2016, with more than 130 usage days. A number of facilities including the Arena, Coliseum, Willow Island and parking lots were all active for fewer than 110 days out of the year in 2016. Additionally, the Midwest Horse Fair and the World Dairy Expo utilized the entire campus at the Alliant Energy Center in 2016.

### Historical Financial Performance

The following table displays the AEC's historical Income Statement between 2011 and 2016.

Table 1-6

Alliant Energy Center Historical Income Statement						
Line Item	2011	2012	2013	2014	2015	2016*
<b>Operating Revenue</b>						
Rent	\$2,899,645	\$2,860,862	\$2,820,584	\$3,167,680	\$3,731,050	\$3,938,462
Concessions	\$1,302,885	\$1,326,931	\$1,261,419	\$1,406,691	\$1,447,021	\$1,670,289
Parking	\$1,065,362	\$1,084,849	\$1,090,563	\$1,143,038	\$1,276,266	\$1,351,970
Equipment Rental	\$825,429	\$904,582	\$929,375	\$844,490	\$959,967	\$725,133
Electric & Sound Tech	\$559,187	\$612,146	\$641,372	\$625,717	\$634,093	\$550,433
Other Operating Revenue	\$980,216	\$975,598	\$855,995	\$793,027	\$811,627	\$967,432
<b>Total Operating Revenue</b>	<b>\$7,632,725</b>	<b>\$7,764,969</b>	<b>\$7,599,308</b>	<b>\$7,980,642</b>	<b>\$8,860,024</b>	<b>\$9,203,720</b>
<b>Operating Expenses</b>						
Personal Services	\$4,623,236	\$4,526,509	\$4,676,577	\$5,023,909	\$4,837,507	\$4,999,826
Utilities	\$797,269	\$751,619	\$729,705	\$862,568	\$944,350	\$1,031,663
Repairs & Maintenance	\$214,275	\$251,548	\$284,161	\$361,232	\$258,585	\$376,820
Other Operating Expenses	\$759,020	\$671,170	\$660,016	\$783,251	\$901,497	\$798,092
Contractual Services	\$517,009	\$582,997	\$454,494	\$445,271	\$449,426	\$588,119
Indirect Costs	\$213,900	\$186,300	\$203,682	\$242,219	\$273,817	\$270,559
<b>Total Operating Expenses</b>	<b>\$7,124,709</b>	<b>\$6,970,143</b>	<b>\$7,008,635</b>	<b>\$7,718,451</b>	<b>\$7,665,180</b>	<b>\$8,065,079</b>
<b>Net Operating Income/(Loss)</b>	<b>\$508,015</b>	<b>\$794,826</b>	<b>\$590,673</b>	<b>\$262,191</b>	<b>\$1,194,844</b>	<b>\$1,138,640</b>
Alliant Naming Revenue	\$323,277	\$329,743	\$336,338	\$343,064	\$349,926	\$356,924
UW Debt Service	\$250,179	\$250,546	\$250,957	\$251,355	\$0	\$0
State of Wisconsin Debt	\$203,000	\$182,700	\$182,700	\$182,700	\$0	\$0
Pavillion Funding Partners	--	--	--	\$50,000	\$50,000	\$50,000
Pavillion Naming Revenue	--	--	--	\$100,000	\$100,000	\$100,000
Metcalf Foundation Revenue	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
Friends of the AEC Pavilions	--	--	--	--	--	\$41,517
Co-Promotion Revenue (WDE)	\$50,000	\$50,000	\$50,000	\$50,000	\$0	\$0
Alliant Naming Expense	(\$297,737)	(\$298,876)	(\$307,094)	(\$315,918)	(\$322,422)	(\$328,870)
Debt Service	(\$1,512,000)	(\$1,587,989)	(\$1,585,354)	(\$1,663,753)	(\$1,228,380)	(\$1,123,621)
Capital Outlay	\$0	(\$6,064)	(\$6,199)	(\$27,106)	(\$70,687)	(\$64,488)
<b>Net Revenue/(Expense)</b>	<b>(\$466,766)</b>	<b>(\$276,614)</b>	<b>(\$479,480)</b>	<b>(\$758,968)</b>	<b>\$81,781</b>	<b>\$178,601</b>

Source: Alliant Energy Center  
\*2016 numbers are preliminary

Over the past six years, the AEC has increased its operating revenue from more than \$7.6 million in 2011 to more than \$9.2 million in 2016, as all major line items have seen steady year-over-year increases. An increase in rental revenue has helped bolster net operating revenue at the AEC, increasing more than 35 percent between 2011 and 2016 from approximately \$2.9 million to more than \$3.9 million. Additionally, total operating expenses have remained somewhat consistent between \$7.1 million and \$8.0 million over the six-year period. Utility expenses have increased more than 41 percent between 2013 and 2016 and can likely be attributed to the opening of the New Holland Pavilions. Recently, the AEC earned positive net revenues in 2016 of more than \$178,000, but net losses had previously fluctuated between \$270,614 and \$758,968 from 2011 to 2014.

The AEC is scheduled to pay more than \$1 million annually to service its debt between 2016 and 2026, and payments then fall below \$1 million thereafter. This payment structure is due to the back loading of principal payments and consists of both ten- and 20-year bonds. Over the 19-year period, the AEC is scheduled to pay back more than \$18 million, a combination of more than \$13.7 million in principal payments and more than \$4.3 million in interest payments.

The AEC entered into a 20-year agreement with the Alliant Energy Corporation to secure a naming rights agreement for the entire campus. In total, the Alliant Energy Corporation is paying \$6.3 million to the AEC over the term of the agreement; however, payments are made in annual installments and adjusted two percent annually for inflation. The AEC also entered into a 10-year agreement with New Holland Agriculture to secure the naming rights of the newly-developed New Holland Pavilions. New Holland Agriculture has agreed to pay a total of \$1.5 million to secure the naming rights, which consists of a \$500,000 lump-sum payment in 2013, then shifting to annual \$100,000 payments for the remainder of the contract. Additionally, New Holland Agriculture has granted the AEC unlimited use of seven pieces of heavy machinery at no cost to the AEC. New Holland Agriculture swaps out the equipment on an annual basis and replaces them with the most up-to-date machinery.

### *Impact*

Based on historic performance and attendance, HSP determined the current visitation and economic impact of the existing AEC. In order to understand the economic, fiscal, and employment impacts of an improved AEC, there must be an existing baseline. The following table summarizes the impact of the AEC in 2016.

**Table 1-7**

Summary of Visitation & Impacts at Major AEC Components - Current						
Component	Current Attributed Attendance	Current Non-Dane County Daytrips	Current Room Nights	Annual Spending (millions)	FTE Jobs	Annual Local Taxes (000s)
Ex Hall/Conference/Parking	323,448	88,080	92,277	\$24	761	\$961
Coliseum	186,862	26,660	19,089	\$6	193	\$203
Pavilions	141,977	30,831	56,461	\$13	406	\$580
Willow Island & Quan Park	157,000	35,420	9,103	\$4	147	\$103
<b>Total</b>	<b>809,287</b>	<b>180,992</b>	<b>176,930</b>	<b>\$47</b>	<b>1,507</b>	<b>\$1,848</b>

Source: Hunden Strategic Partners

In 2016, the complex attracted approximately 809,000 total attendees. HSP’s calculations indicate that the AEC generated 176,000 room nights, \$47 million in spending, 1,500 full-time equivalent jobs, and \$1.8 million in fiscal impact to the community.

## Conclusion

The Alliant Energy Center is viewed as the gateway into the City of Madison, and serves a unique function within the community. Analysis of the existing AEC presents both optimism and challenges. While total number of events at the AEC has increased, the number of attendees decreased significantly in 2016, indicating a decrease in the size of events and fewer high-impact events. Financially, the complex has managed to generate a net operating income of more than \$1 million the past two years, and a total net profit of more than \$170k in 2016. This performance, somewhat of an outlier in the world of major public event venues, indicates a strong operating model for the AEC. From a facility standpoint, the campus currently offers products of a wide variety of quality. The AEC has already experienced a significant incremental benefit from the development of its newest venues, the New Holland Pavilions, in 2014. Considered the highest quality venues on the campus, the new pavilions have generated significant increases in agricultural business at the complex. The biggest question mark on campus, both in terms of the structure of the venue and performance, continues to be the Veterans Memorial Coliseum. Analysis of the physical conditions and historical and events and attendance at the Coliseum indicates that investment is necessary to ensure competitiveness moving forward.

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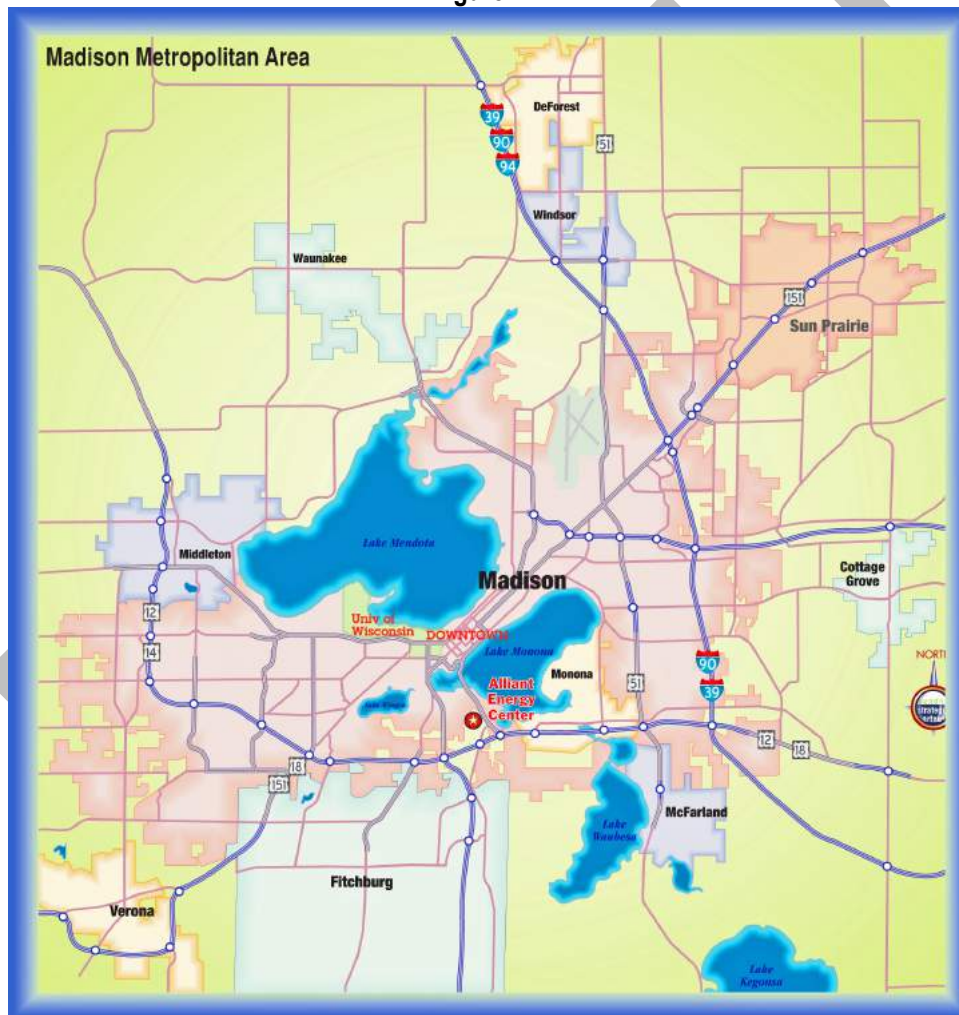


## ECONOMIC & DEMOGRAPHIC ANALYSIS

Local market area characteristics such as population, demographics, a diversified economy, access, quality of downtown, and tourist attractions influence the potential demand for large-scale event attractions such as conventions, consumer shows, sports, family entertainment and music concerts. This chapter profiles the Dane County, Wisconsin area including an overview of the economic characteristics of the metropolitan marketplace.

The following figure shows a map of the Dane County highways and access to the Alliant Energy Center.

Figure 2-1





As shown, downtown Madison lies on a narrow isthmus between Lake Monona and Lake Mendota. This creates a uniquely dense downtown that is atypical of a mid-sized city. As the city and University of Wisconsin grew, traffic in Madison became a bigger issue than in other cities because the two lakes act as a barrier between the east and west sides of the city.

Dane County, as of 2015, has a population of 510,200 people. Madison today accounts for just under half of the metropolitan area's total population, and is the largest city in Dane County. It is the center of a metropolitan area that is home to 642,000 people. That figure is expected to exceed 800,000 by 2040 (calculated by American Business Journals in 2016) as the metropolitan area continues to garner national attention as a top city in which to live, work, and play.

### Population

A strong population base is important to the success and demand of any public-assembly project because a significant share of its users will be local residents, as well as those related to the many businesses that the area supports.

The table below shows population changes in the United States, Wisconsin, the Madison MSA Dane County and the City of Madison.

**Table 2-1**

	Population and Growth Rates				Percent Change 2000-2015
	1990	2000	2010	2015 Estimate	
United States	248,709,873	281,421,906	308,745,538	321,418,820	14.2%
Wisconsin	4,891,769	5,363,675	5,686,986	5,771,337	7.6%
Madison MSA	367,085	426,526	605,435	641,385	50.4%
Dane County	367,085	426,526	488,073	523,643	22.8%
<b>City of Madison</b>	<b>191,262</b>	<b>208,054</b>	<b>233,209</b>	<b>248,951</b>	<b>19.7%</b>
City Pop. As % of Metro Area	52.1%	48.8%	38.5%	38.8%	--

Source: U.S. Census Bureau, Hunden Strategic Partners

The U.S. population grew by 14.2 percent from 2000 to 2015, while Wisconsin's population increased by 7.6 percent. During the same period Dane County increased by 22.8 percent. Madison experienced an increase of 19.7 percent.

A healthy and diversified economy provides not only employment and disposable income for a market's residents, but it also helps to insulate an area from economic downturns. Markets that have historically relied on one sector, such as manufacturing, have often had difficulty recovering from market shifts to other sectors, which lead to an overall loss of local income and employment. This situation will often result in declining population trends, as residents move to other areas with better opportunities.

## *Regional Access*

Madison is served by several highways and is the crossroads of the southern half of Wisconsin. It is also in a position to take advantage of an accident of geography, making the interstate highways in Madison some of the busiest in the nation that are used by long-distance travelers and trucks. Interstates I-39 and I-90 (co-signed as one highway) bring travelers into Madison from Rockford and Chicago to the southeast (a population of over ten million people), and from La Crosse, Eau Claire, and Minneapolis-St. Paul to the northwest, skirting the east side of the city. Interstate 94 intersects I-39/I-90 from the two million residents of the Milwaukee metro area, about 70 miles to the east. I-94 then joins I-39/I-90 in an unusual triple-signed interstate highway heading north out of Madison, called I-39/90/94.

Because of the position of Lake Michigan, stretching from the sparsely populated Upper Peninsula of Michigan southward to Indiana, it acts as a wall for east-west travelers by auto or train. These east-west long distance travelers must bypass Lake Michigan in Indiana, then northward through Chicago in order to take a northerly route across the United States. Meanwhile, north-south traffic must also use the *same* highways to go from northern places such as Duluth, Minnesota or Wausau, Wisconsin to the southern cities of St. Louis, Indianapolis or Memphis.

Commencing in 1988, the state of Wisconsin began widening I-39/90/94 to six lanes for a 35-mile stretch from Madison to Portage, where I-39 breaks off northward towards Stevens Point and Wausau. Traffic counts in this area are over 55,000 autos per day, and in the city of Madison itself, this highway funnels up to 91,000 cars each 24-hour period on average. Northwest of Portage, the main highway of I-90/I-94 returns to the standard four lanes and takes off in a northwesterly direction towards the Wisconsin Dells area and Tomah, where I-90 breaks to go westerly to La Crosse. I-94 continues northwest to Eau Claire and Minneapolis St. Paul.

The previous two paragraphs explain why Madison's traffic counts are unusually high for a mid-sized metropolitan area. However, this is tremendous news for the Alliant Energy Center because it is indicative of the market's population and its concentration along highways in Dane County. Dane County is a natural crossroads for traffic in the region, which makes it easier for events to get to Madison, and to attract potential event patrons. Dealing with this high volume of traffic, resulting from great connectivity to larger population centers, is another matter.

Traffic is so congested much of the year (and especially through the warmer months and during holidays) that Wisconsin is now in the process of a four-year rebuilding of I-39/90 south of Madison to the Illinois state line (where Illinois has just completed its six-lane rebuilding project), to open it as a new six-lane highway through southern Wisconsin. When completed, the entire stretch of interstate highway from Northwest Indiana through Chicago, to Rockford, Illinois, Madison, and to Portage, Wisconsin, will be six lanes or more, a distance of 220 miles. This may not seem important on the surface, but for Madison and the Alliant Energy Center, it is. A new six-lane highway will mean a new level of ease for travelers from places such as Janesville, Beloit, Rockford, and Chicago. In the past, residents of these cities interested in a concert or other events in Madison might have decided to pass on attending, because the highway conditions were old and poorly maintained, narrow, congested, unsatisfactorily lighted, and generally tense for motorists. The perception of speed and ease of travel can make a difference to a number of long-distance event ticket-buyers from these more distant locales such as Rockford and Chicago.

In addition to this major artery combination of I-39/90/94 connecting Chicago, Milwaukee, Rockford, Wausau, La Crosse, Eau Claire, and Minneapolis-St. Paul, there is another four-lane expressway that is also regionally important: U.S. 151. This highway connects Madison with extreme southwestern Wisconsin, and Dubuque, Cedar Rapids and Waterloo in Iowa. Northeast of Madison, U.S. 151 is an expressway connecting to the heavily populated region along the western shores of Lake Winnebago. The linear area from Fond du Lac, Oshkosh, and Appleton to Green Bay contains 755,749 citizens, with another 195,747 people in Manitowoc and Sheboygan on the coast of Lake Michigan. In all, over one million northeast Wisconsinites are connected to Madison by a two-hour commute via U.S. 151 and connections to the new Interstate 41.

Other highways that connect to Madison include east-west routes U.S. 12, U.S. 14, U.S. 18, and the north-south U.S. 51.

The interstate highways run along the eastern side of Madison; however, local and regional traffic is served by a busy freeway known as the Beltline Highway along the southern edge of the city. The Alliant Energy Center is at the intersection of the Beltline Highway (U.S. 12,14 and 18) and John Nolan Drive. This exit is five miles west of I-39/I-90.

#### *Airport Access*

The Dane County area is served by the Dane County Regional Airport. The airport is a civil-military airport six miles northeast of Madison. It is categorized as a small-hub primary commercial service facility. It has three runways and in 2016 it served more than 1.8 million passengers. There are 94 daily departures serving non-stop connections to 13 cities. The airport is served by:

- American Eagle – Charlotte, Chicago (O'Hare), Dallas/Fort Worth
- Delta Air Lines – Atlanta, Detroit, Minneapolis/St Paul
- Delta Connection – Detroit, Minneapolis/St Paul, New York (LaGuardia), Salt Lake City, Washington (National)
- Frontier Airlines – Denver, Orlando
- United Airlines – Chicago (O'Hare), Denver
- United Express – Chicago (O'Hare), Denver, Newark

The top destinations from November 2015 to October 2016 were:

- Chicago (O'Hare), IL – 198,870
- Minneapolis/St Paul, MN – 160,990
- Detroit, MI – 152,500
- Atlanta, GA – 111,270
- Denver, CO – 98,860
- Dallas/Ft Worth, TX – 57,970
- New York (LaGuardia), NY – 27,120



- Charlotte, NC – 21,830
- Newark, NJ – 18,980
- Salt Lake City, UT – 17,470

The Dane County Regional Airport is owned and operated by Dane County.

Because the airport is relatively small and does not offer non-stop service to many locations, most people choose to book flights through Milwaukee's General Mitchell International Airport, or through Chicago's pair of airports: O'Hare International and Midway International.

### *Employment*

The table below shows how Dane County employment is diversified.

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Table 2-2

Dane County Employment by Industry - 2015		
Description	Employees	Percentage of Total
Total employment	419,721	100%
By industry		
Farm employment	3,376	0.8%
Nonfarm employment	416,345	99.2%
<b>Private nonfarm employment</b>	<b>335,285</b>	<b>79.9%</b>
Health care and social assistance	38,821	9.2%
Retail trade	37,941	9.0%
Professional, scientific, and technical services	32,347	7.7%
Accommodation and food services	28,622	6.8%
Finance and insurance	25,219	6.0%
Manufacturing	25,305	6.0%
Administrative and waste management services	21,257	5.1%
Other services, except public administration	20,170	4.8%
Construction	18,436	4.4%
Information	16,559	3.9%
Real estate and rental and leasing	17,546	4.2%
Wholesale trade	14,198	3.4%
Arts, entertainment, and recreation	9,702	2.3%
Management of companies and enterprises	9,864	2.4%
Educational services	8,254	2.0%
Transportation and warehousing	8,048	1.9%
Utilities	1,252	0.3%
Forestry, fishing, and related activities	1,224	0.3%
Mining	520	0.1%
<b>Government and government enterprises</b>	<b>81,060</b>	<b>19.3%</b>
State and local	74,498	17.7%
Local government	24,868	5.9%
State government	49,630	11.8%
Federal, civilian	5,095	1.2%
Military	1,467	0.3%

Source: Bureau of Economic Analysis, Hunden Strategic Partners

As shown, Dane County doesn't have a primary industry, with the top six categories all claiming above 6 percent but not higher than 9.2 percent. Healthcare and social assistance is the top private industry by employment, accounting for 9.2 percent of total employment, followed by retail trade with 9.0 percent and by professional, scientific and technical services with 7.7 percent. All government employment totals 19.3 percent. By not relying on one primary industry, the county has a wider business base to make up its disposable income.

## Income and Housing

The depth and strength of a market’s employment base and income levels are an indicator of its ability to support tourism and event facilities. Indicators of a market’s overall wealth and growth can include trends in its income and employment.

The following table provides data on home ownership, income and retail sales, based on the latest data from the US Census Bureau.

**Table 2-3**

Income, Spending and Other Demographic Data				
Category	United States	Wisconsin	Dane County	Madison
Owner-occupied housing unit rate, 2011-2015	63.9%	67.3%	58.1%	47.8%
Median value of owner-occupied housing units, 2011-2015	\$178,600	\$165,800	\$230,800	\$212,500
Persons per household, 2011-2015	2.63	2.43	2.34	2.21
Median household income, 2011-2015	\$53,482	\$52,738	\$62,303	\$53,933
Persons below poverty level, percent, 2011-2015	13.5%	12.1%	11.2%	19.0%
Total employment, 2014	121,079,879	2,450,254	267,697	--
Total employment, percent change, 2013-2014	2.4%	2.1%	3.2%	--
Retail sales per capita, 2012	\$13,443	\$13,656	\$16,913	\$19,993

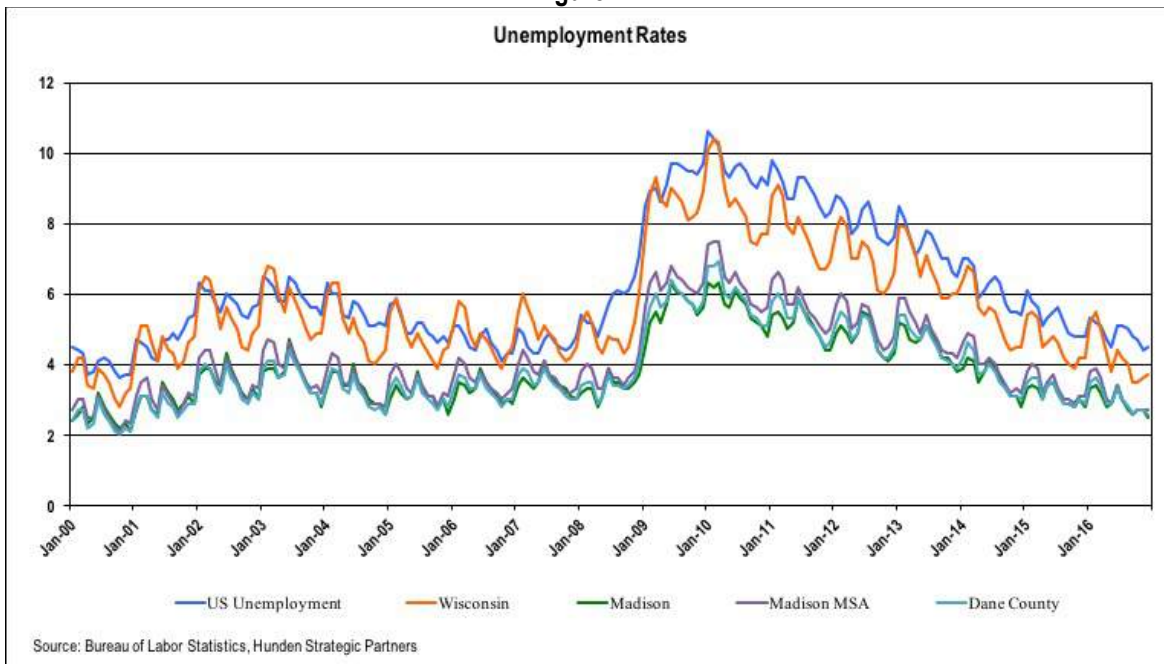
Source: US Census Bureau

The homeownership rates in Dane County are just under six percent lower than the national rate. Homeownership rates in Madison are 16 percentage points lower than the national rate, largely because of the transient nature of the significant number of college students, most of whom will leave Madison within five years. The median home value in Madison is \$212,500, which is approximately \$30,000 greater than the national median home value. Dane County’s median home value is \$230,800, while Wisconsin’s is \$165,800. Madison has a much higher poverty rate than the nation at 19.0 percent, once again, due to the college student population, which does not earn a significant income as full-time students. The United States has a higher median household income than the state and Madison but lower than Dane County. Permanent residents of Dane County are highly skilled and gainfully employed by a large number of industries in the area, and yet, the college students are consolidated in central Madison, within the city limits, which is why their income levels pull down the city’s average below that of the nation, despite the area’s general wealth.

## Unemployment

The following figure shows the unemployment rate in Madison, Dane County and the MSA in comparison to the national unemployment rate. High unemployment relative to the nation indicates there may be chronic structural economic concerns, such as low education rates and mismatched industry and employment resources. An area dominated by one industry type may also see chronic unemployment levels higher than the nation as a whole, depending on the strength of that one industry. Areas with balanced economies tend to weather economic downturns better and have unemployment rates that generally mimic the U.S. level.

**Figure 2-4**

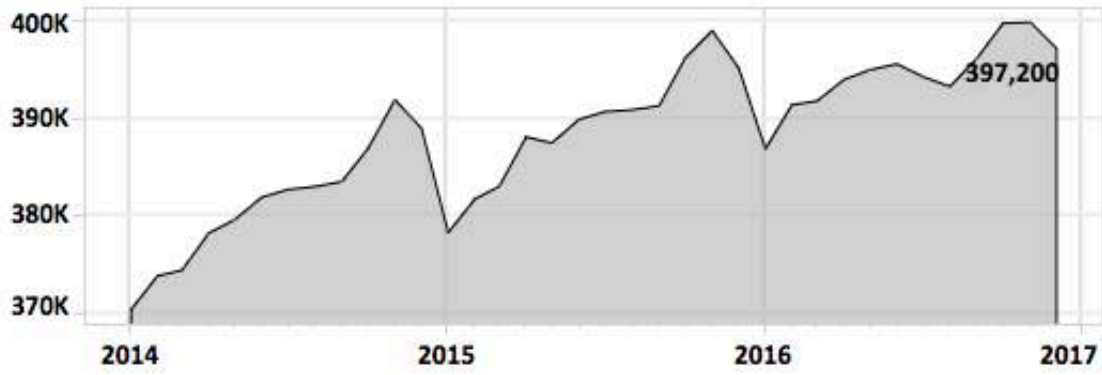


As seen above, Madison, the Madison MSA and Dane County have had unemployment rates that have trended below state and national rates since January 2000. Presently, the unemployment rates of Dane County, Madison and the Madison MSA are lower the national and state rates.

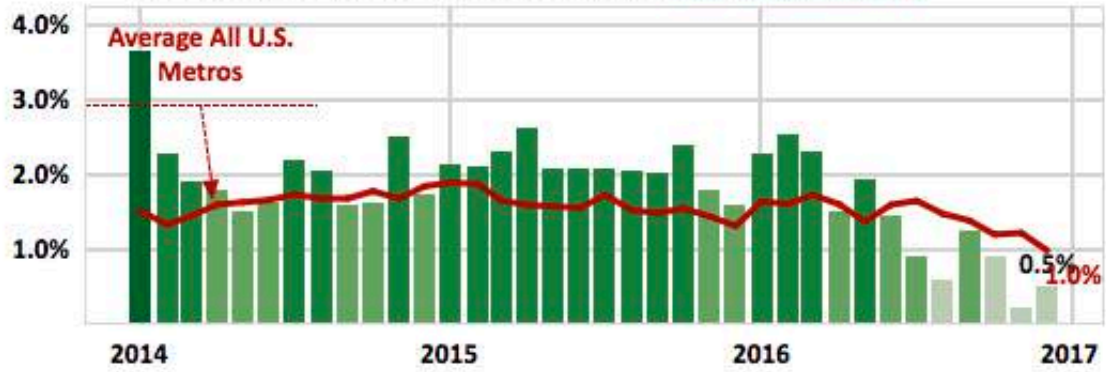
### Metro Area Employment Index

Strong employment growth is indicative of a metropolitan area’s ability to purchase goods and services and possibly luxury items, experiences such as dining out, sports and concert events, local tourism, and leisure travel. A growing rate of population increase tends to mirror an employment increase. The following figures show a three-year monthly history of the annual rate of employment growth in the Madison MSA, as well as comparisons to other national metro areas.

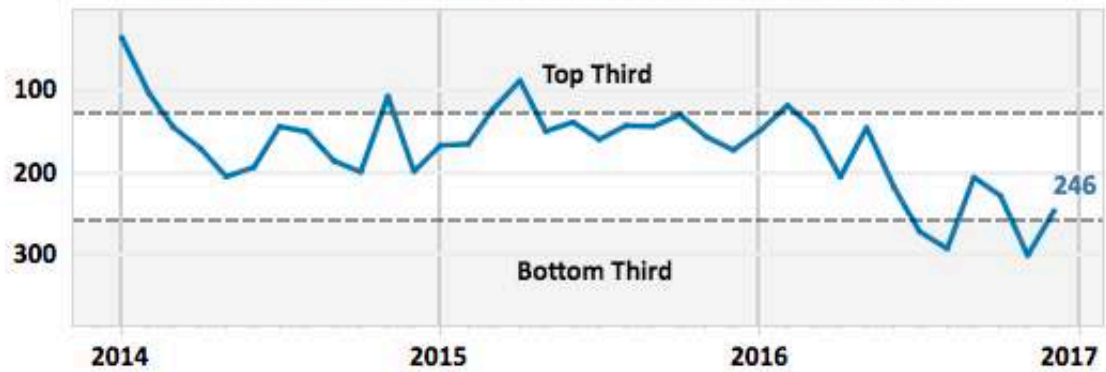
Figure 2-2  
Total Employment



Annual Employment Growth Rate (%) & U.S. Metro Average



Rank Among All U.S. Metros for Employment Growth Rate



The Madison MSA has experienced employment growth for the last three years. The MSA's employment growth was higher than the US metro average until June 2016. The MSA saw its highest growth in January 2014 (3.6 percent).

### Corporate Presence & Major Employers

The following table shows the largest employers in the Dane County area, by number of full-time employees.

**Table 2-5**

<b>Dane County Top Employers</b>		
<b>Company</b>	<b>Industry</b>	<b>Number of Employees</b>
Epic Systems Corporation	Manufacturing	9,400
University of WI-Madison	Education	5,497
SSM Health	Healthcare	4,248
American Family Insurance	Insurance	3,955
UW Medical Foundation	Healthcare	3,486
WPS Health Solutions	Healthcare	1,995
Covance Laboratories	Pharmacy	1,970
CUNA Mutual Holding Company	Insurance	1,533
PPD	Pharmacy	1,250
Telephone and Data Systems inc	Telecommunications	1,145

Source: IB Madison

The largest employer in the county is Epic Systems Corporation, with nearly 10,000 attendees. The county features approximately ten corporations that employ more than 1,000 full-time workers, including the University of Wisconsin.

### Higher Education

Higher education institutions create event and hotel demand due to the numerous student events, invited personnel such as guest speakers and researchers, as well as friends and family of students. Colleges also create demand for events, from graduation ceremonies and events to various meetings. In the case of Dane County, the University of Wisconsin owns their own arena for large events in the Kohl Center, however the presence of a university can be a draw for concerts and comedians. Heavy populations of enrolled students suggest that the market will continue to reap the benefits of a more innovative and educated workforce.

The following table shows the academic institutions within 10 miles of Madison.



**Table 2-6**

<b>Institution</b>	<b>Location</b>	<b>Distance from 53713 (miles)</b>	<b>Highest Degree Offered</b>	<b>Enrollment</b>
Edgewood College	Madison, WI	2.5	Doctorate	2,678
University of Wisconsin - Madison	Madison, WI	2.9	Doctorate	42,716
University of Wisconsin Colleges	Madison, WI	6.1	Associates	13,454
Madison Area Technical College	Madison, WI	6.4	Bachelors	16,520
<b>Total Enrollment</b>				<b>75,368</b>

Source: National Center for Education Statistics, HSP

Dane County has four higher education institutions, all of which are in Madison. Combined, there are just over 75,000 students enrolled in the institutions. The University of Wisconsin-Madison is the largest institution, with an enrollment of 42,716, and Madison Area Technical College is the second largest with an enrollment of 16,250. Madison is well known nationally as one of the nation’s top “college towns” on many levels.

### **Educational Attainment**

The level of education in a community is generally linked to income potential and hence, disposable income and long-term growth. Highly-educated people generally have more choices in employment. The higher the education level, the stronger the labor market and the more disposable income that is available to spend on recreational activities, such as entertainment.

The following table shows the educational attainment levels in the area.

**Table 2-7**

<b>Educational Attainment</b>				
<b>Age 25+ Population</b>	<b>Madison</b>	<b>Dane County</b>	<b>Wisconsin</b>	<b>United States</b>
Did not complete high school	5.2%	5.0%	8.9%	13.3%
Completed high school	15.1%	19.0%	32.0%	27.8%
Some college	16.7%	18.5%	21.1%	21.1%
Associates Degree	8.0%	9.6%	10.1%	8.1%
Bachelors Degree	30.8%	28.3%	18.4%	18.5%
Graduate Degree	24.3%	19.6%	9.4%	11.2%

Source: US Census Bureau, Decision Date, Hunden Strategic Partners

The percentage of the population in Madison and Dane County that has attained a Bachelor’s Degree is 30.8 percent and 28.3 percent, respectively. This is 12 and 10 percentage points higher than the national and state levels, respectively, and nearly two percentage points higher than the county level. Graduate degree percentages for the city and county are vastly higher than the national and state averages.



## **Dane County and Madison, including Downtown**

Dane County represents the majority of the Madison metropolitan area, and is well known across the nation as routinely ranking in the top American cities for quality of life and economic growth. The metro area is close enough to larger cities such as Chicago and Milwaukee to be a quick one-to-two hour drive from the western suburbs of these population centers, while also being just far enough way to establish its own identity as an independent economic and cultural region at the edge of the geological Driftless Area. This is an area west of Madison that all four major glacial periods missed, resulting in a rugged, hilly, scenic landscape that is popular for sightseeing and recreation, with lakes, hills, forests and charming villages. Additionally, the city has its own flavor as a major college town, the state's government center, and a trade area that consists of many industries, including white-collar insurance companies and high-tech corporations that work in tandem with the University of Wisconsin-Madison. The city is also a robust media market of its own. It is the most important city in Wisconsin outside of Milwaukee, and is widely thought of as the center of the greater Wisconsin statewide culture, with industrial Milwaukee being somewhat of an anomaly to the state's rural, forested and dairy-producing heritage.

Madison can be expected to land in the "Best Places to Live," "Highest Quality of Life," and "Best Places to Build a Business" annual rankings researched by various publications, due to its progressive culture of community planning, numerous partnerships between private high-tech businesses and the University of Wisconsin, high level of educational attainment, attractive offerings of recreational lakes, beaches, parks, and scenic countryside, and rapidly growing population. Furthermore, the student body and faculty of the University of Wisconsin harbor and promote the city's interest in urban programs of the cultural arts, attractive neighborhoods (both historic and modern), bicycle paths, and amenities such as busy farmers' markets and urban street festivals. These flavors reinforce an energetic and tolerant lifestyle, and have built a city that exists largely without poor, crime-ridden neighborhoods found in nearly every other city of its size across the United States. Large college football, basketball, and hockey games at UW-Madison bring large numbers of people into the city nearly every week during the school year, which adds to the economic activity and overall excitement within the city. The suburbs of Madison and rural areas of Dane County enjoy the fruits of this lifestyle, which is also seen throughout the county in smaller towns and communities.

Downtown Madison is fully developed, and is growing yearly with larger projects replacing older, smaller buildings (or collection of small buildings), and thus expanding the downtown density, with new high-rise apartment and condo developments augmenting the daily business and government activity. The 43,000 students of UW-Madison add another dimension to downtown, particularly along the State Street Pedestrian Mall, with its unique and youth-oriented shops, restaurants, theaters, and bars. There are over 10,000 residential units and over 25,000 residents in the immediate downtown Madison district, not including the densely populated areas surrounding UW-Madison. Eighty-six percent of the downtown population falls between the ages of 15 and 34, indicating a vibrant and progressive street life, both day and night, which is typically a hallmark of youthful populations. Many other urban downtowns have a larger percentage of older populations, including empty-nesters, professional dual-income/no-children couples, and singles, including upper-level management singles. As of 2012, there were nearly 30,000 daily employees, not including UW-Madison. This accounts for 16.6 percent of the city. Downtown Madison accounts for 23.6 percent of the county's office space. By comparison to larger or similarly-sized cities, the total office space and downtown workers are just shy of Des Moines and Omaha, and is larger than the Memphis central business district.

The following aerial image shows the proximity of the Alliant Energy Center to downtown Madison.

**Figure 2-3**



## Implications

Madison is one of the nation's success stories in growth, quality of life, and economic health, as the city is typically found in annual national city rankings for its attractiveness. The overall demographics and center of communications in Madison (via television, radio and print media) are a positive draw for many types of traveling events that are looking for a market in which to stage their event. The highly-educated and well-paid 642,000 residents of Dane County and the greater region as a whole drive the powerful economic engine in this southern Wisconsin region. High incomes generally translate to higher-than-average discretionary spending, which is a positive market attribute for an event and entertainment complex such as Alliant Energy Center. Retailers, hotels and restaurants are attracted to this kind of environment, and a large-scale renovation and expansion will activate more visitors, hotel nights, restaurant visits, and retail spending in Madison. Expected increases in population and employment in Dane County support the need for a modernized Alliant Energy Center complex and its multiple venues for major events. Although the complex is not located in downtown, the downtown and UW campus areas, and the rest of Dane County, can capitalize on more consumer show, conventions, concerts and events bringing people to the city as a result of a refurbished and expanded Alliant Energy Center and its more robust calendar of event offerings.

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## **ARENA, CONCERT & EVENT MARKET ANALYSIS; TRENDS**

HSP identified, profiled and analyzed the existing local supply and demand of live entertainment venues throughout the Madison market. Local venues include arenas, fields, concert halls and theaters. Additionally, HSP assessed the regional competition, by market, and facilities that exist within the respective competitive markets. In doing so, HSP synthesized implications that will inform the feasibility of the final recommendation for the Veterans Memorial Coliseum. Throughout the process, HSP reviewed the critical components of each venue to determine how the Veterans Memorial Coliseum fits into both the local and regional marketplace. Additionally, HSP interviewed a number of local and regional concert and event promoters to gain a better understanding of the marketplace.

Prior to analyzing the competitive local and regional marketplace, it is important to first understand overall trends seen throughout both the arena and concert industries. HSP has provided a brief overview of the industry below.

### **Arena Industry Trends**

The nationwide trend to build new sports and entertainment facilities in recent years has impacted markets both large and small. A majority of large metropolitan areas with major professional sports franchises have elected to develop new arenas in the last 10 to 15 years, and even smaller markets with minor-league sports teams have done the same.

In addition to hosting sporting events, arena venues are typically also multi-purpose facilities that can accommodate events such as concerts, family shows and other community-oriented events requiring unobstructed flat floor space. Depending on a facility's orientation and a market's needs, it can also be used for events such as meetings, conventions, trade and consumer shows. The advent of amenities such as luxury suites, club seating, and private restaurant areas have created new and potentially lucrative revenue streams for facility owners although these are not always present in facilities – especially if there is no anchor sports tenant. Additionally, naming rights and expanded sponsorship programs have also significantly increased opportunity for facility-based revenues.

In order for a facility to generate significant revenue streams, it can sometimes be helpful to have one or more full-time tenants, such as a college or a professional sports franchise. A professional/amateur basketball or hockey team, for example, provides a facility with approximately 30 to 40 guaranteed event dates per year. A men's or women's collegiate basketball program will generally play approximately 15 to 20 home games per season and a volleyball program can add another 10 to 15 home matches. Additionally, revenues generated from premium seating, luxury suites, naming rights and other sponsorships are heavily dependent on the existence of one or more sports tenant(s). Sporting events provide customers and advertising partners with regular access to a venue and an annual schedule of repeating and relatively high-profile events. Such events are often an opportunity for entertaining clients and friends, rewarding employees and maintaining a strong local presence within the community. Facilities without an anchor tenant could potentially generate similar revenue streams, but not to the extent of a facility with an anchor tenant.

Due to the availability of these new revenue streams, facilities can now be partially financed through project-based revenues such as naming rights and long-term commitments for premium seating and/or sponsorships, rather than strictly through general obligation bonds, municipal property tax revenues, outside sources of



university revenues, or debt. However, these revenues are often not sufficient to entirely finance and operate a project such as an arena. As a result, arena developments typically still involve other forms of private investment or contributions and/or public assistance, such as land contributions, dedicated tax revenues or fees, property tax abatements, individual and corporate philanthropy, or others.

The following table outlines the top performing arenas in North America by the number of 2016 concert tickets sold.

**Table 3-1**

<b>Top North American Arenas by Number of Concert Tickets Sold - 2016</b>		
<b>Arena</b>	<b>Location</b>	<b>2016 Ticket Sales</b>
Madison Square Garden	New York, NY	1,053,675
Barclays Center	Brooklyn, NY	757,141
Air Canada Centre	Toronto, Canada	702,516
The Forum	Inglewood, CA	701,601
American Airlines Arena	Miami, FL	627,026
Bridgestone Arena	Nashville, TN	591,954
Oracle Arena	Oakland, CA	577,090
Staples Center	Los Angeles, CA	574,048
Prudential Center	Newark, NJ	515,143
Verizon Center	Washington, DC	509,473
<b>Allstate Arena</b>	<b>Rosemont, IL</b>	<b>494,843</b>
SAP Center	San Jose, CA	481,497
Sprint Center	Kansas City, MO	480,323
Philips Arena	Atlanta, GA	452,555
Wells Fargo Center	Philadelphia, PA	418,885
American Airlines Center	Dallas, TX	396,187
<b>United Center</b>	<b>Chicago, IL</b>	<b>382,912</b>
Mohegan Sun Arena	Uncasville, CT	375,631
Talking Stick Resort Arena	Phoenix AZ	374,070
Pepsi Center	Denver, CO	371,899
Amalie Arena	Tampa, FL	371,203
BB&T Center	Sunrise, FL	364,598
PPG Paints Arena	Pittsburgh, PA	353,797
T-Mobile Arena	Las Vegas, NV	352,580
BOK Center	Tulsa, OK	331,020
Toyota Center	Houston, TX	320,672
The Palace of Auburn Hills	Auburn Hills, MI	313,486
<b>Xcel Energy Center</b>	<b>Saint Paul, MN</b>	<b>307,982</b>
<b>Target Center</b>	<b>Minneapolis, MN</b>	<b>298,088</b>
KeyArena at Seattle Center	Seattle, WA	296,756
KFC Yum! Center	Louisville, KY	284,696
Bankers Life Fieldhouse	Indianapolis, IN	280,697
TD Garden	Boston, MA	269,654

Source: Pollstar

Concert ticket sales at Madison Square Garden topped one million in 2016 with the Barclays Center finishing second at more than 757,000 tickets sold. As this study is focused around the Alliant Energy Center and its on-site facilities, it is important to note that four arenas in the above list are located in markets that are in close proximity to Madison; these venues are bolded and include the Allstate Arena, United Center, Xcel Center and Target Center.

## Concert and Event Trends

Concerts are often a major source of revenue for arenas, which are generally designed and operated as multi-purpose music and sports venues. Historically, most of an artist’s revenue came from the sale of records however, record sales have steadily declined forcing artists to find alternative streams of revenue. Recently, artists have relied heavily on touring to generate revenue formerly accounted for by record sales. Although artists generally receive a majority of revenue generated by ticket sales, arena venues often make money from ancillary revenues such as food & beverage and parking during events. A healthy working relationship between the venue and artist can often result in a lucrative outcome for both parties.

Due to recent consolidation in the music industry, a few major event promoters generally control the concert industry and availability of acts. As a result, it is wise for management of an independent arena to explore forming a strong alliance with at least one key promoter, depending on the local/regional competitive landscape. This type of arrangement could be non-exclusive in nature, and the arena would then be able to contract with all interested promoters. Further, to increase occupancy, a facility could also promote, or partner with another organization for certain events by taking on some of the risk and funding some upfront expenses in exchange for a higher share of event revenues.

The following table displays the top American-based promotion companies that sold more than one million event tickets in 2016.

**Table 3-2**

<b>American Based Promoters - 2016 Worldwide Ticket Sales</b>	
<b>Promoter</b>	<b>2016 Ticket Sales</b>
Live Nation	44,337,644
AEG Live	15,183,802
Feld Entertainment	3,482,402
Caesars Entertainment	1,588,498
MSG Entertainment	1,565,899
Premier Productions	1,467,249
Another Planet Entertainment	1,408,752
C3 Presents	1,342,717
The Bowery Presents	1,332,875
Broadway Across America	1,101,007
NS2	1,060,145
Frank Productions	1,025,363
Source: Pollstar	

Twelve American-based promotion companies sold more than one million event tickets in 2016 and in total, the top twelve promotion companies sold more than 74 million event tickets. Live Nation and AEG Live dominate the market, accounting for more than 79 percent of worldwide tickets sold in 2016, with Live Nation alone accounting for more than 59 percent of event ticket sales.

The following table provides a statistical overview for the top 100 worldwide touring shows in 2016.

**Table 3-3**

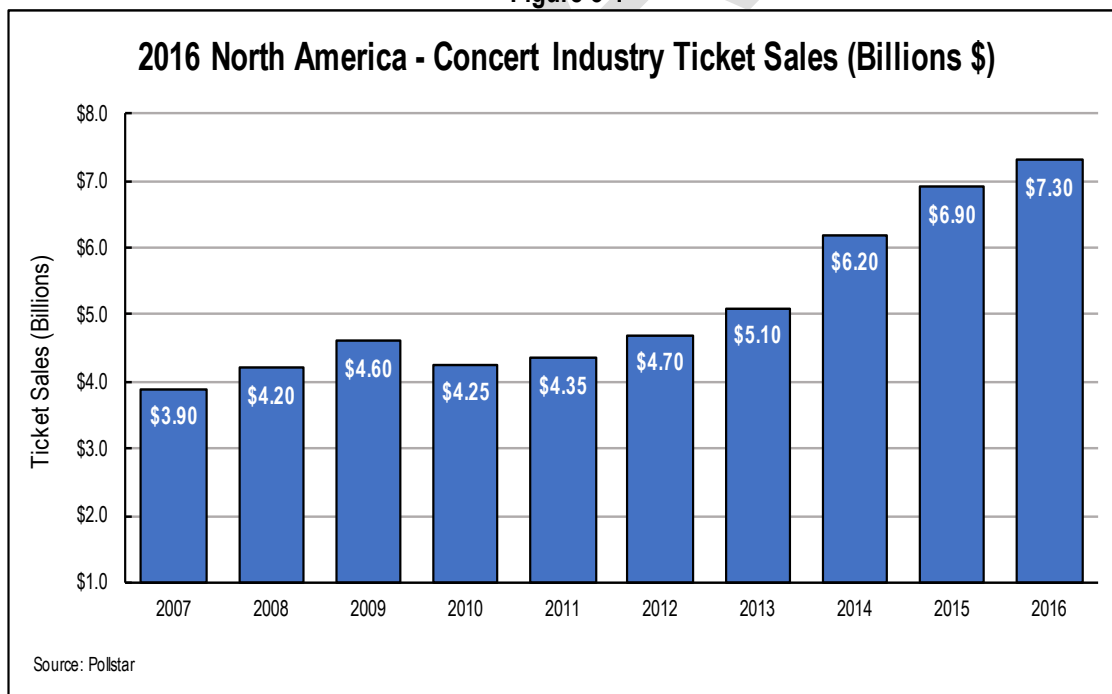
Top 100 WorldWide Tours - 2016 Statistics							
	2011	2012	2013	2014	2015	2016	Average
Gross Revenue (\$Billions)	\$4.24	\$4.06	\$5.00	\$4.24	\$4.71	\$4.88	<b>\$4.52</b>
Tickets Sold (Millions)	54.17	51.33	63.34	51.68	59.78	60.49	<b>56.80</b>
Average Ticket Price	\$78.33	\$79.03	\$78.99	\$82.07	\$78.77	\$80.66	<b>\$79.64</b>

Source: Pollstar

As the table shows, the top 100 worldwide touring shows grossed more than \$4.8 billion in revenue and sold more than 60 million tickets in 2016, increasing by more than 3.6 and 1.1 percent over 2015, respectively. Although gross revenue generated by the top 100 worldwide touring shows has increased year over year since 2014, the industry saw a peak in gross revenue at \$5 billion in 2013 and has not reached that mark since. The average ticket price for the top 100 worldwide touring shows has remained somewhat consistent over the six-year period, increasing from \$78.33 in 2011 to \$80.66 in 2016 but peaking at \$82.07 in 2014. Additionally, the average tickets sold for top 100 worldwide touring events saw more than an 11 percent increase between 2011 and 2016, increasing from 54.17 million in 2011 to 60.49 million in 2016.

The following figure shows a chart depicting the total annual revenue generated from North American concert ticket sales over a ten-year period between 2007 and 2016.

**Figure 3-1**



Concert revenue generated by ticket sales in North America reached an industry high in 2016, parking at \$7.3 billion, up more than five percent over 2015 when \$6.9 billion in tickets were sold. Overall ticket sales have steadily increased since 2010. Concert ticket sales have increased by more than 87 percent between 2007 and 2016, increasing from approximately \$3.9 billion to approximately \$7.3 billion.

### **Secondary and Tertiary Markets for Concerts**

Secondary and tertiary markets have demonstrated that they can sustain a robust concert business. Recent years have been excellent for secondary markets, with such top acts as Cher, the Eagles and many others playing a number of venues in smaller markets. According to industry sources, many acts are finding that they do not reach all their fans by only playing major markets. While smaller market areas typically have smaller facilities and are less likely to support high ticket prices, tour managers like to add smaller-market dates to touring schedules if they offer a stopover between larger markets and an opportunity to expand a fan base. Instead of the road crew spending the night halfway between two major cities, they can generate revenue on a stopover with a smaller arena show. In addition, the trend to tour more, as well as the construction of new small facilities across the country, has also helped to attract concerts to smaller markets.

### **Family Shows**

Family shows generally are not as great of a revenue producer for facilities as top concerts, but they have shown notable growth in the past few years. Family show tickets typically cost less than concert tickets in order to entice families to attend. Yet what family shows may lack in revenue, they more than make up for in reliable year-round bookings, as the touring schedules are more consistent than those of concert events. Further, family shows will often agree to long-term booking arrangements with a facility and commonly hold several performances over consecutive days. Additionally, family shows heavily rely on the sale of merchandise affiliated with the performance to generate revenue. However, like the concert industry, most of the larger family shows are controlled by a small group of companies.

The following table shows the various companies and family show productions across the country.

**Table 3-4**

<b>2014 Family Events Productions</b>			
<b>Company</b>	<b># of US Touring Units</b>	<b># of US Shows</b>	<b>Average Ticket Price</b>
AEG Themestar LLC	2	550	\$15.50
Monster X Tour	1	27	\$17.50
Feld Entertainment	11	5,000+	\$20-\$25
Harlem Globetrotters	2	278	\$29.00
HIT Entertainment	4	NA	\$10-\$39
Koba Entertainment	10	600	\$25.00
NETworks Presentations	7	650	\$40-\$240
Dreamworks Theatricals/Broadway Across America	30+	4,000	\$89.00
S2BN Entertainment	1	NA	\$40.00
Stars on Ice, an IMG Production	1	50	\$48.00
VEE Corporation	6	1,600	\$10-\$35
World Wrestling Entertainment	4	241	\$42.00

Source: Venues Today, Various Organizations

In addition to the companies listed above, other organizations also produce dirt-show events, such as various types of rodeos and other events. In general, family shows are more willing to play smaller markets than are other live events such as concerts. The events listed above typically play in a wide range of markets and facilities, including smaller markets. For example, DreamWorks Theatricals will make stops in a number of NBA and NHL arenas, in addition to small facilities.

An additional category of events is non-university and non-tenant sporting events, although there is also often overlap between what can be considered a sporting event and a family show. For example, professional wrestling or a motorsports event can be categorized as either. Other sporting events that would not be considered family shows, such as a high school game or tournament, could also be held in an arena.

### **Local Entertainment Venues**

HSP identified entertainment venues within, and immediately surrounding the City of Madison. HSP chose to only identify venues with capacities greater than 1,000 in order to accurately portray the live entertainment landscape within Madison. To identify such facilities, HSP spoke with local stakeholders and those familiar and knowledgeable with the local live entertainment marketplace.

The following table summarizes the local supply of live entertainment venues in Madison and is sorted by total capacity.



**Table 3-5**

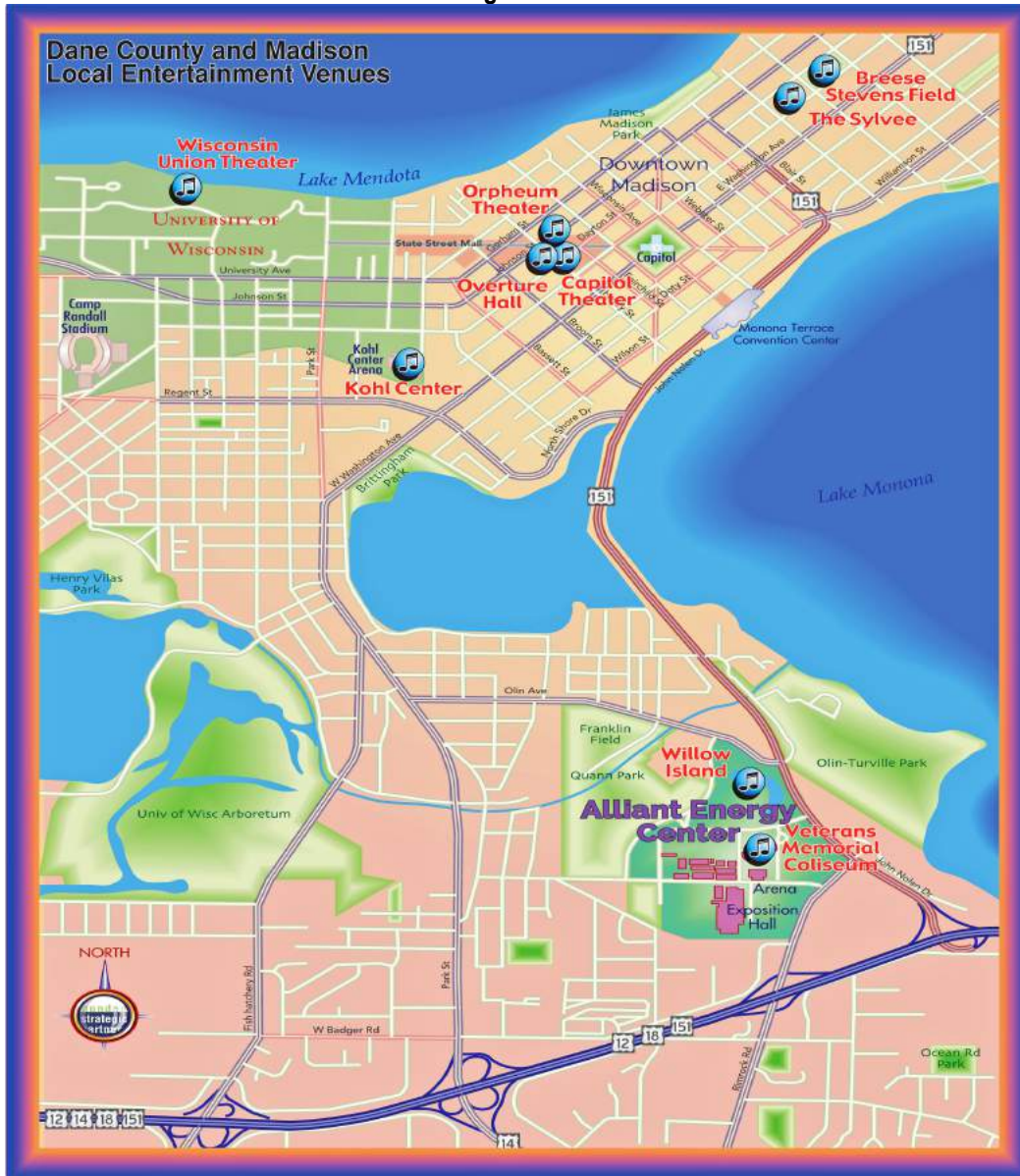
Local Entertainment Venues - Alliant Energy Center			
Venue Name	Capacity	Type	Distance** (miles)
Kohl Center	17,140	Arena	2.4
Breese Stevens Field	9,300	Stadium	3.1
The Sylvee*	2,500	Theater	3.1
Overture Hall	2,450	Theater	2.3
Orpheum Theater	1,830	Theater	2.3
Capitol Theater	1,282	Theater	2.3
Wisconsin Union Theater	1,100	Theater	3.1
<b>Average</b>	<b>4,563</b>	<b>--</b>	<b>2.8</b>
Veterans Memorial Coliseum	10,231	Arena	--
Willow Island	--	Park	--

\*Proposed Frank Productions development; opening in 2018  
 \*\*Distance in miles from the AEC  
 Source: Pollstar, Hunden Strategic Partners

A total of eight entertainment venues, including the Veterans Memorial Coliseum and Willow Island, currently exist within the Madison marketplace. The Sylvee, currently under development by Frank Productions, is set to be the ninth local venue when it opens in 2018. Local venues primarily consists of theaters with capacities between 1,000 and 2,500 Two arenas with capacities greater than 10,000 exist within the local market, the Kohl Center and the Veterans Memorial Coliseum, in addition to two seasonal outdoor venues, Breese Stevens Field and Willow Island. All local entertainment venues are positioned less than four miles from the AEC. The Veterans Memorial Coliseum fills the mid-sized supply gap within the marketplace, as its maximum capacity is approximately 10,200 people.

The following figure shows a map identifying locations of the local entertainment venues in Madison relation to the Alliant Energy Center.

Figure 3-2



Four of the local entertainment venues are located in downtown Madison and all are theaters with capacities between 1,282 and 2,450. Two venues, the Kohl Center and the Wisconsin Union Theater, are located on the University of Wisconsin's campus west of downtown. Breese Stevens Field and the future Sylvee development are both located northeast of downtown Madison and all venues within the local market are located less than four miles from the Alliant Energy Center. Additionally, Camp Randall Stadium is not a competitive venue due to its size and exclusive use by UW football but is also located on the University of Wisconsin's campus.

## Venue Profiles

This section will profile the existing supply of entertainment venues located throughout the Madison market. The most relevant venues in the market will be profiled in detail, and other players within the Madison live entertainment market will be profiled, in bullet point format, below the primary venues.

### *Kohl Center*

The Kohl Center is Madison's largest entertainment venue with a maximum capacity of more than 17,650 people when formatted for 360-degree concerts. Construction on the venue began in 1996 and the facility opened in January 1998; construction costs totaled more than \$76 million. Funding for the venue came from a combination of private donations and state bonds. Approximately \$49 million in funding came in the form of private donations, with a majority coming from Senator Herb Kohl (\$25 million) and from the Nicholas family (\$10 million). No public tax revenue was used to fund construction of the Kohl Center; however, approximately \$27 million in funding came from state bonding, which was to be paid back using operational revenues.

The following figure shows an aerial picture of the Kohl Center on the University of Wisconsin's campus.

**Figure 3-3**



The Kohl Center's primary purpose is to serve the University of Wisconsin's athletic programs and as such, the venue is home to both the Wisconsin Badgers men's and women's basketball teams as well as the Badgers men's hockey team. Total building capacity is dependent on the type of event, and the facility can accommodate 17,140 people for men's and women's basketball, 13,313 for men's hockey, 17,659 for 360-degree concerts, 14,315 for 270-degree concerts and 11,954 for 180-degree concerts. Additionally, the 22,000-square foot Nicholas-Johnson Pavilion is located adjacent to the Kohl Center and features three



practice basketball courts and enough function space to accommodate more than 1,800 people. The venue also features a number of amenities often found in modern arenas including public access to 26 restrooms, 36 luxury suites, 18 concession stands with 93 total points of sale, a 2,400-square foot retail storefront, 14 ticket windows, eight locker rooms, four loading docks bays and one drive-in loading bay.

Programming at the Kohl Center is managed by the University of Wisconsin's Athletic Department and the university has made a conscious effort to prioritize the venue's availability to accommodate its primary, university-based, tenants. In doing so, the Kohl Center chooses not to frequently accommodate live concerts. Additionally, the sale of alcoholic beverages is limited at concerts hosted at the Kohl Center, making it unattractive to promoters. In the past, the Kohl Center has hosted concerts due to its involvement with Frank Productions, but moving forward the venue is disinterested in reasserting itself as a major player within the Madison concert market.

### *The Sylvee*

The Sylvee, a proposed 2,500-capacity venue specifically dedicated to concerts, is expected to break ground in 2017, and become fully operational by the summer of 2018. The venue is set to be located within the eight-story mixed-use Cosmos building located on the 800 block of East Washington Avenue. The Cosmos development is expected to include the Sylvee, office and retail space. The dedicated concert venue will be owned and operated by Frank Productions and is expected to host more than 70 events annually.

The following figure shows a rendering of the Sylvee.

Figure 3-4



The Sylvee will be located approximately one block away from Breese Stevens Field and less than one mile northeast of downtown Madison. Additionally, the venue is expected to have two main entrances on east Main

Street and South Livingston Street. The venue is expected to span 40,000 square feet and be comprised of a main level, lower stage-front area and a balcony viewing area. Unlike traditional theater-style venues, the Sylvee will not develop main level seating. The music venue is set to be named after the late Sylvia, Frank who passed away in 2006 and was the matriarch behind Frank Productions.

## Other Local Entertainment Venues

This section profiles, in bullet point format, the existing supply of other entertainment venues located throughout the City of Madison. The properties outlined in this section not expected to compete with the Veterans Memorial Coliseum as they are not dedicated concert venues and boast capacities much smaller than that found at the Veterans Memorial Coliseum.

- **Breese Stevens Field** is located approximately eight blocks northeast of downtown Madison and opened in 1926 as a baseball stadium. Breese Stevens Field is owned by the City of Madison but is operated and programed by Big Top Baseball. Venue management recently partnered with Frank Productions to bring concerts to Breese Stevens Field. In 2015, the venue hosted its first concert (the Avett Brothers) and in 2016, the venue hosted three concerts including performances by the Steve Miller Band, Wilco and Cake.
- **Overture Hall** opened in September 2004 and is part of the \$205 million Overture Center for the Arts development in downtown Madison. The theater has a maximum capacity of 2,450 and is often programmed with touring Broadway shows, comedy shows and concerts. Additionally, Overture Hall hosts a number of orchestra events, including those by the Madison Symphony Orchestra.
- **Orpheum Theater** was constructed by Rapp and Rapp in 1926. The venue was designed using limestone and includes an Art Deco-inspired exterior to go along with a French Renaissance influenced interior. Recently, the theater was bought by the Gus Apra family in 2013 and was renovated to meet modern industry standards. Live Nation exclusively books and operates the venue, which regularly hosts concert and stand-up comedy events.
- Similar to Overture Hall, the **Capitol Theater** was designed by Rapp and Rapp and is part of the \$205 million Overture Center for the Arts. The Capitol Theater opened in 1928 and has a total capacity for 1,282 people. When built, the venue's primary function was as a silent movie hall but has since been renovated to better accommodate modern musical performances. Additionally, the Capitol Theater serves as the anchor tenant within the Madison Civic Center development. The venue plays host to a number or orchestra, opera, Broadway and smaller concert events.
- The **Wisconsin Union Theater** is located on the University of Wisconsin's campus and sits within its Memorial Union. The theater has a maximum capacity of 1,100 and opened in 1939 when Porter Butts' vision became a reality. The venue hosts a number of university-related functions as well as theatrical plays, public speeches and live musical concerts. Notable individuals to speak or perform at the Wisconsin Union Theater include John F. Kennedy, Jesse Jackson, Ella Fitzgerald, Eleanor Roosevelt and Martin Luther King Jr.



### *Implications*

Although a number of entertainment venues currently exist within the Madison marketplace, the Kohl Center is the only other true arena outside of the Veterans Memorial Coliseum. The Kohl Center is not viewed as a significant competitor to the Coliseum as UW management has made the conscious decision to not pursue concert programming at the venue in lieu of university programming. The Sylvee, expected to open in the Summer of 2018, is expected to moderately compete with the Veterans Memorial Coliseum as the venue will be dedicated to live concert events and is expected to host more than 70 events annually. Outside of the future Sylvee development, four additional theater venues exist within the Madison market, although none can accommodate more than 2,500 people. The difference in capacities at the Madison theaters and the Veterans Memorial Coliseum makes these venues very limited competitors, often targeting acts not cable of selling out a venue such as the Coliseum. Additionally, Breese Stevens Field is a newer venue option for touring artists looking for a seasonal outdoor venue that features a maximum capacity for more than 9,000 people. Management at Breese Stevens Field has benefited from their relationship with Frank Productions, increasing the number of concert events from one in 2014 to three in 2015. Breese Stevens Field is expected to compete more with Willow Island than the Veterans Memorial Coliseum, especially in hosting festivals.

### **Regional Competitive Arenas and Concert Venues**

The following section profiles the primary markets expected to compete with the Veterans Memorial Coliseum in Wisconsin and Illinois. Additionally, this section will briefly discuss concert markets in Minnesota and eastern Iowa that are expected to infrequently compete with the Veterans Memorial Coliseum to host concert events.

The following table outlines the competitive concert markets and the respective entertainment venues within those markets.

**Table 3-6**

<b>Regional Indoor Entertainment Venues - Alliant Energy Center</b>			
<b>Venue Name (State)</b>	<b>Capacity</b>	<b>Type</b>	<b>Market</b>
<b>Wisconsin</b>			
BMO Harris Bradley Arena*	20,000	Arena	Milwaukee
Wisconsin Entertainment & Sports Center**	17,500	Arena	Milwaukee
UW-Milwaukee Panther Arena	12,700	Arena	Milwaukee
Resch Center	10,500	Arena	Green Bay - Appleton
<b>Veterans Memorial Coliseum</b>	<b>10,231</b>	<b>Arena</b>	<b>Madison</b>
La Crosse Center Arena	8,000	Arena	La Crosse - Eau Claire
Brown Co. Veterans Memorial Arena	6,820	Arena	Green Bay - Appleton
<b>Minnesota</b>			
Target Center	19,500	Arena	Minneapolis - St. Paul
Xcel Energy Center	18,500	Arena	Minneapolis - St. Paul
Verizon Wireless Center	8,300	Arena	Mankato
The Roy Wilkins Auditorium	5,849	Auditorium	Minneapolis - St. Paul
<b>Iowa</b>			
Wells Fargo Arena	17,100	Arena	Des Moines
iWireless Center	9,200	Arena	Davenport - Rock Island
U.S. Cellular Center	9,000	Arena	Cedar Rapids - Waterloo
<b>Illinois</b>			
United Center	23,000	Arena	Chicago
Allstate Arena	18,500	Arena	Chicago
Sears Centre Arena	11,500	Arena	Chicago
Peoria Civic Center	11,330	Arena	Peoria
U.S. Cellular Coliseum	7,600	Arena	Peoria
BMO Harris Bank Center	7,500	Arena	Rockford
<b>Average</b>	<b>12,632</b>	<b>--</b>	<b>--</b>
Source: Pollstar, Hunden Strategic Partners			
*To be replaced by Wisconsin Entertainment & Sports Center in Fall of 2018			
**Under Construction - Opening Fall of 2018			

Due to their proximity to Madison, all markets in Wisconsin are profiled, in detail, below as these markets are expected to directly compete with the Madison market at a varying degree. Markets in Minnesota, Iowa and most of Illinois are not expected to directly compete with the Veterans Memorial Coliseum but are expected to occasionally compete for concert events.

The following figure shows a map depicting the locations of competitive regional entertainment venues.

Figure 3-5



All indoor concert venues shown are within a 4.5-hour drive of Madison, with Rockford and Milwaukee being the closest, and Minneapolis and Mankato, Minnesota, Des Moines, Iowa, and Peoria, Illinois being the farthest away. Madison is at the crossroads of southern Wisconsin, with major highways traveling in six directions from the capital city. Madison is easily accessible to all of Wisconsin for both concertgoers and traveling acts. Iowa is connected to Dane County via the U.S. 151 expressway, while Illinois, including Chicagoland, is a short distance via Interstate 90 and 39. The Alliant Energy Center is very well positioned to take advantage of this extensive highway network.

The following are profiles of the regional indoor arena concert venues and their markets.

## Regional Market and Venue Profiles

### *Milwaukee, Wisconsin*

The Milwaukee market is located in southeast Wisconsin about 90 miles due north of Chicago and 80 miles east of Madison. Additionally, Madison is strong in its culture of ethnic foods, restaurants, and supporting the arts and live music, especially a two-week music festival along the Lake Michigan shore called Summerfest, which attracts between 800,000 and 900,000 people annually. Milwaukee's television market reaches 2,304,000 people, ages 2 and up, with even more viewers in a few border counties such as Kenosha County (that is officially part of the Chicago TV market but still receives Milwaukee TV stations) and Fond du Lac County.

Venues located in the Milwaukee market include:

- **BMO Harris Bradley Arena** in downtown Milwaukee, west of the Milwaukee River, began construction in 1986 and opened in 1988 as a 20,000-seat arena designed to host concerts, basketball and hockey. It currently hosts most major indoor concerts in Milwaukee and is home to the NBA's Milwaukee Bucks. In spite of being state-of-the-art in 1988, it is now considered too congested in its concourses, restrooms, staging rooms, storage, and other amenities. It is being replaced in September 2018 by the following larger complex, the Wisconsin Entertainment and Sports Center.
- **The Wisconsin Entertainment and Sports Center** (under development) is the replacement to the BMO Harris Bradley Center. The venue is under construction immediately to the north of the Bradley Center. The arena is intended to be the focal point of a "live block" zone that includes public space surrounded by both commercial and residential development. The seating bowl will have 17,500 seats, with fewer suites than the BMO Harris Bradley Arena, but more club seating, and a more visually stimulating architectural scheme that opens up to life on the street through large multi-story windows. When the arena opens in September 2018, it will become the premier entertainment facility for large-scale concerts, attracting people from southeast Wisconsin, including some in the Madison area, and the southern portion of the Fox Cities area around Oshkosh and Fond du Lac. The \$524 million complex is imagined to become the center of an expanded downtown nightlife district near to Old World 3<sup>rd</sup> Street.
- **UW-Milwaukee Panther Arena** is an early 1950s arena built as a general coliseum for hockey, basketball and expositions. It was one of the first arenas built considering the new age of television, camera and media needs. Today, with 12,700 seats, it is the home to the University of Wisconsin-Milwaukee basketball teams, Milwaukee Wave indoor soccer, roller derby, and the Milwaukee Admirals hockey team. There are not many concerts taking place at Panther arena, however, pro wrestling, the Shrine Circus, and special events such as graduations still occur at the 65-year-old arena.

The next photos show a rendering of the new Wisconsin Entertainment and Sports Center, currently under construction and set to open in 2018.



Figure 3-6



Downtown Milwaukee's arenas are only 80 miles from the Alliant Energy Center, which is just over a one-hour drive. Because there is some overlap in the Milwaukee and Madison television and radio markets, both Madison and Milwaukee can attract concertgoers from the other market. A newly renovated and expanded Alliant Energy Center arena will bolster the number of touring shows that Madison can host, therefore making it more competitive with the Milwaukee market.

### *Green Bay – Appleton, Wisconsin*

The Green Bay – Appleton television market is the second largest television audience in Wisconsin, totaling more than 1.1 million TV viewers. By comparison, Madison, the third largest TV market, contains 974,000 viewers. Green Bay is connected to Milwaukee via both Interstate-41 and Interstate-43. Interstate 41 and is a heavily traveled truck and commuter route that connects Green Bay to Appleton, Oshkosh, and Fond du Lac, the latter three being adjacent to the shores of Lake Winnebago. Oshkosh is less than 90 minutes from both Madison and Milwaukee, so concerts in both cities can draw from the southern end of Lake Winnebago populations quite easily.

The venues located within the Green Bay - Appleton market include:

- **The Resch Center** which opened in 2002 and seats 10,200 people. Seating at this venue is situated in a single concourse level and the venue is home of the University of Wisconsin-Green Bay men's basketball team, the Green Bay Gamblers junior ice hockey team, and the Green Bay Blizzard's Indoor football team. The Resch Center is located across the street from Lambeau Field, home of the NFL's Green Bay Packers, in suburban Ashwaubenon. Concerts at the Resch Center typically hold 7,500 spectators, although a curtain system creates more intimate settings for crowds of 3,000-to-5,500. This is the premier venue for large indoor concerts in the Green Bay – Appleton television market.

**Brown County Veterans Memorial Arena** seats 5,248 people and was opened in 1958, shortly after Lambeau Field opened as the new home of the Green Bay Packers. This venue was the



primary arena in Green Bay until the Resch Center opened in 2002, poaching a majority of the indoor concert events however, The Veterans Memorial Arena continues to play host to a handful of smaller concerts, ice shows, local sporting shows and high school graduations among others. It is owned by Brown County and is operated by PMI Entertainment Group.

Green Bay's Resch Center and the Veterans Memorial Arena are situated more than a two-hours drive from the Alliant Center and the two markets are of similar size. While Green Bay's market boasts a slightly larger population than that of Dane County, it also has a more sparsely populated suburban area from which it can market to, outside of its core. Madison, on the other hand, has a more thickly populated region from which to pull attendance for its concerts, including the significant Rockford market, and places such as Dubuque, La Crosse, Tomah and the western portion of the Milwaukee television market in places such as Fort Atkinson, Whitewater, and Watertown.

### *La Crosse – Eau Claire, Wisconsin*

This market includes 539,000 television viewers ages 2+, and is shared by two main mid-sized cities; La Crosse and Eau Claire. There is very little cross-traffic between these two communities and no speedy highway to connect them. Therefore, they act as two separate cities that happen to share some television station licensing. While residents of Eau Claire often travel to St. Paul and Minneapolis to attend concerts because of its quick 75-minute access to the Twin Cities, La Crosse is much farther from any other large city, and instead, has its own downtown arena, the La Crosse Center. The following concert venue is the only one in the market.

- **La Crosse Center Arena** features 7,500 seats in a modern downtown building built in 1980. The facility is also an exhibition hall with the North Hall and the South Hall that altogether totals over 75,000 square feet of exhibit space when opened together with the arena floor space. The arena has been the home of several athletic teams including two indoor football teams and two Continental Basketball Association teams. Currently it is the home to a women's roller derby team. Additionally, the arena continues to host high school athletic tournaments such as wrestling, concerts and family shows.

The La Crosse Center does feature occasional concerts but due to competition from the Mayo Civic Center in Rochester and Casinos in southern Minnesota and in Wisconsin, there are fewer concerts currently than in past years. Based on conversations with management at the Mayo Civic Center, if a desired concert skips La Crosse, residents are likely to access tickets for the show in either the Twin Cities or in Madison.

### *Rockford, Illinois*

The Rockford market features the closest arena to the Alliant Energy Center (not including the Kohl Center at UW-Madison), the BMO Harris Bank Center. About 424,000 people live in the television market, which consists of only five Illinois counties however, the populated Rock County containing Janesville and Beloit and 160,000 people, is within the sphere of media and influence of Rockford, despite officially being part of Madison's market area. The Rockford market features one arena:

- **BMO Harris Bank Center** opened in 1981 in the heart of downtown Rockford and attracts a relatively small number of touring shows. It is managed by SMG and is in competition with the

Sears Center and Alliant Energy Center. Its U-shaped seating bowl holds 10,000 for concerts and has hosted a number of basketball, hockey and lacrosse games. Currently its sole tenant is the IceHogs of the United Hockey League. Family shows, such as the Harlem Globetrotters, ice skating, monster truck and wrestling, accompany the occasional rock or country music acts such as Miranda Lambert and Carrie Underwood, as well as hometown band Cheap Trick. Renovations in 2013 added new seating, new concession stands, new lighting, and rebuilt visiting team locker rooms.

Madison's market is larger than Rockford's and has the ability to capture touring acts away from Rockford with a renovated Alliant Energy Center facility. The two facilities hold about 10,000 people and are both in position to host shows before stops in Milwaukee, Chicago, Detroit, St. Louis, or Indianapolis. Additionally, the Madison market is positioned far enough away from Chicago that it can capture Madison metro-area patrons that would otherwise not attend events in Chicago, whereas Rockford's market residents can easily travel an hour down I-90 to one of Chicago's three arenas for touring shows. Rockford also does not have the student population that Madison has.

### *Chicago, Illinois*

Chicago is the entertainment behemoth of the Midwest, with 9,474,000 television viewers, the third largest in North America after New York and Los Angeles. Three large indoor arena venues take hold of the important large concerts and routinely draw attendees from all the surrounding television markets. The three arenas are discussed below.

- **United Center** is Chicago's premier indoor arena, seating 23,500 for concerts. It is also the home of the Chicago Bulls NBA team and the Blackhawks NHL franchise, which co-operate the facility. The United Center hosts over 200 events per year and has drawn over 20 million visitors since its opening.
- **Allstate Arena** was opened as the Rosemont Horizon in 1980 and has an 18,500-person seating capacity for concerts. The arena has a history of hosting many concerts due to its central location between the city and the suburbs near O'Hare International Airport. The venue is home to DePaul University's men's basketball, the Chicago Wolves American Hockey League franchise and the Chicago Sky WNBA team
- **Sears Center Arena** is the newest large indoor arena venue in Chicagoland. It opened in 2006, is managed by Global Spectrum and is owned by the village of Hoffman Estates. For concerts and shows, it seats anywhere from 2,200 to 11,218, a versatile arrangement that allows for a wide assortment of events. The arena also hosts two athletic franchises; the Chicago Mustangs of the Major Arena Soccer League, and the Windy City Bulls, an NBA D-League franchise, affiliated and owned by the Chicago Bulls.

Chicago is the largest city in the Midwest and is home to a number of arena venues due to its large population. HSP does not expect much competition to host concerts between Chicago and Madison however, the Allstate Arena and Sears Center Arena will likely compete with a renovated Coliseum more so than the United Center. Allstate Arena and the Sears Center Arena boast concert capacities similar to the Coliseum, and both are located north of downtown Chicago. The United Center has the Chicago Bulls and Chicago Blackhawks as major tenants and a capacity for 23,500, more than doubling that of the Coliseum's.

### *Peoria and Bloomington-Normal, Illinois*

The Peoria and Bloomington–Normal television market is ten counties in size, counts 625,000 people, and has two main population centers that are situated about 38 minutes apart, or 40 miles in distance. The two cities of Bloomington and Normal have an urban population of 132,000 people and a metropolitan area of 190,000. This market is home to two concert venues:

- **Peoria Civic Center** is a 1982 downtown multi-use arena with meeting rooms and a ballroom. It is used as the home of the Bradley Braves basketball teams and the Peoria Rivermen minor league hockey team. The single-level arena seats 12,036 for music concerts. This arena's calendar is crowded with many types of events, however, few of them are large rock, pop, or country concerts. Disney on Ice and a variety of family shows are more common, and the civic center theater, with a much smaller capacity, has many more traveling acts than the arena itself.
- **U.S. Cellular Coliseum** in downtown Bloomington boasts seating for 8,000 people for concerts and 7,000 for hockey or basketball. It opened in 2006 for a relatively small cost of \$37 million. The arena hosts sports franchises in indoor football and the US Hockey League. The arrangement is a u-shaped single level bowl with 24 suites and 800 box seats. VenuWorks is the operator and it is owned by the city. Pro wrestling and country touring acts are common, along with family shows such as Sesame Street Live.

At 200 miles, or three hours away, the populace of the Peoria and Bloomington-Normal market are not likely to know about concerts in Madison, much less drive that distance to see shows. They are much more likely to drive to Chicago, or even Champaign or Indianapolis for large concerts before considering Madison. If anything, this market is complimentary to Madison for touring shows targeting college students.

### *Cedar Rapids – Waterloo, Iowa*

The eastern third of Iowa is mostly represented by the Cedar Rapids - Waterloo television market, which includes Dubuque, and the college towns of Iowa City (University of Iowa) and Cedar Falls (Northern Iowa University). The area contains 883,000 people and one large venues for concerts.

HSP identified five primary venues within the Cedar Rapids-Waterloo market which is expected to be mildly competitive with the Alliant Energy Center.

- **U.S. Cellular Center** is the large arena in the market's largest city Cedar Rapids. The center opened in 1979 in downtown Cedar Rapids and is connected to the Cedar Rapids convention complex and DoubleTree hotel tower. The 8,600 seats are steeply raked for better viewing than most arenas. Two athletic franchises, the Indoor Football League's Titans, and the Major Arena Soccer League's Rampage both call the arena home. VenuWorks manages the facility. Content is provided by a host of family shows such as the Harlem Globetrotters and Price is Right Live, religious and country concerts and pro wrestling.

It makes sense that three modestly-sized urban areas, Cedar Rapids, Iowa City, and Waterloo-Cedar Falls, including two large state universities, would produce so many concert venues. They range from the historic to the state-of-the-art but because of the spread-out nature of the market and its population centers, the facilities

are relatively small and will be relegated in many cases to being passed over by touring acts, or added later in the tour.

### *Des Moines and Ames, Iowa*

With more than 1.1 million people in the television viewing audience, the Des Moines – Ames market is considered a major stop on music tours, between Chicago, Omaha, Kansas City, and Minneapolis-St. Paul. Until, 2005 Des Moines lacked an adequate large arena for hockey, basketball and concerts, relying instead on the Hilton Coliseum at Iowa State University 30 miles north of town.

- **Wells Fargo Arena** is the premier concert facility in Central Iowa, replacing the 1955 Veterans Memorial Auditorium as the main arena in the city. The new \$117 million Wells Fargo Arena is home to three sports franchises; the NBA-D league Iowa Energy, the Barnstormers of the Indoor Football League, and the Iowa Wild hockey team affiliated with the Minnesota Wild NHL team. For concerts the 16,980-seat arena is managed by Global Spectrum and features the biggest country, pop, R& B, and rock touring shows that are offered. The arena is run in tandem with the Iowa Events Center convention and meeting halls.

At 290 miles and 4.5 hours' drive time, Madison should not be impacted by the Des Moines concert market very profoundly. They operate in different geographic regions that rarely relate each other in terms of the attitudes of the public.

### *Davenport, Iowa - Rock Island and Moline, Illinois*

The Quad Cities of Iowa and Illinois are made up of Davenport and Bettendorf, Iowa, and Moline and Rock Island, Illinois, all established river-towns with many historic neighborhoods. Madison's market is larger, younger, and more affluent. It also has 38,000 college students while the Quad Cities have two small private colleges totaling under 6,000 students.

- **iWireless Center** was opened in 1993 as a major part of the renaissance of Downtown Moline. The double-decked arena opened as The MARK of the Quad Cities. The Quad City Mallards of the East Coast Hockey League is the sole tenant of the \$33 million arena. College basketball for both Men's and Women's are regularly hosted from the Missouri Valley Conference as well. Seating capacity is set up so that show sizes can range from 3,000 seats (set up for the Broadway Series) to 6,000 seats for amphitheater setup, to the full –sized 12,000 seats for large concerts. The usual types of monster truck, pro-wrestling, and family shows are regular event at this arena.

While the iWireless center can attract people from outside of its television market, those patrons usually come from Dubuque, Iowa City and Cedar Rapids, or from the south in Galesburg or even Peoria, because the number and variety of shows is more diverse and robust. Its location on I-80 is also a major factor, just as Madison lies on I-90/94. Both are major east-west highways that connect other major venues.

### *Minneapolis-St. Paul*

Along with Chicago, Minneapolis- St. Paul is one of North America's heavy-hitters in the world of concerts, not to mention sports and family shows as well. With 4,463,000 people in the television market, it is the 15<sup>th</sup> largest media market in the nation.

There are three indoor venues that have a capacity between 5,000 and 20,000 seats in the Minneapolis-St. Paul market.

- **Target Center** in downtown Minneapolis is a multi-purpose arena that was built for \$104 in 1989, primarily for the expansion NBA team the Minnesota Timberwolves. It can seat 20,500 for concerts and regularly hosts big name artists. The arena is operated by Anschutz Entertainment Group, or AEG. The arena has undergone some renovations, with the largest renovation currently underway at \$129 million. The arena can be scaled down for "U.S. Bank Theater", a series of shows that typically need only 2,500 to 7,500 seats. The arena sits in the middle of the region's most densely developed entertainment and nightlife district. It also sits next to Major League Baseball's Target Field, home of the Twins.
- **Xcel Energy Center** is the premier concert venue in the Twin Cities, despite the robust calendar of events at the Target Center. The Xcel Center is newer, has a 360-degree open-concourse view onto the arena floor, three levels, and corridors that are wide with tall ceilings, glass walls, carpeting, better sightlines, and overall attractive architecture. The NHL Wild play their home games at the Xcel Center, along with the Minnesota Swarm Indoor Lacrosse team, the temporary home of the Minnesota Lynx (while the Target Center is being renovated) and the high school hockey tournament. Since opening the \$170 million, 20,000-seat arena in September of 2000, the Xcel Energy Center has captured a number of the biggest names in entertainment. These names include Shania Twain, Bruce Springsteen, Adele, Madonna, Ariana Grande, Rush, Bon Jovi, Carrie Underwood, and AC/DC and Megadeth. The operator is Minnesota Sports and Entertainment.

The Twin Cities metro is generally too far from Madison to have much of an impact on one another's concert business. The distance is about 260 miles from St. Paul, or about a four-hour drive; too distant for most people to view a concert, unless they are die-hard fans. Just as the Quad Cities are a good mid-week concert stop between major markets, Madison is as well, between Minnesota and Milwaukee or Chicago.

### *Mankato, Minnesota*

Mankato is a river-town and a college town. It has a single CBS television station, meaning that it has its own television market, even though all the other terrestrial television stations emanate from the Twin Cities. The market is the smallest in the competitive set, at just 134,000 people over the age of two. There are 54,000 people in both Mankato and North Mankato, of which 18,000 are college students at Minnesota State University.

- **Verizon Wireless Center** in downtown Mankato is the primary large concert facility in south-central Minnesota, and is also the home of the Minnesota State University men's hockey team. It is set up in a single-level of seating in a U-shaped format, with one end open for the concert stage. The single-level arena has 5,280 permanent seats, but can hold 8,200 for sold-out



concerts. Concerts range from country to classic rock, and include KISS, Elton John, Kenny Rogers, Vince Gill, the Beach Boys, plus other family shows, roller derby girls, and tribute bands. The floor is also used as an expo floor.

Although the calendar is kept full with a variety of events, including some large concerts, this venue, operated by the City of Mankato, is almost 300 miles from Madison, or about a four hour and 45-minute drive time. Of all of the venues included in this study, the Verizon Wireless Center is the farthest away and also the smallest market.

### *Regional Implications*

Although a number of concert markets exist throughout the region, HSP expects a renovated Veterans Memorial Coliseum to primarily compete with the Green Bay, Milwaukee and La Crosse markets within Wisconsin and the Rockford market within Illinois. HSP expects minimal competition between the major markets in Chicago, Minneapolis and Des Moines as these markets are home to larger capacity arenas that target shows different from those targeted by Madison. Additionally, HSP expects a synergetic relationship between the major concert markets and Madison as it is a viable market for touring shows to play when traveling between major markets. HSP included profiles of facilities in Iowa and southern Illinois to illustrate their presence however, HSP does not expect such market to frequently draw concerts away from the Veterans Memorial Coliseum.

### **Promoter Feedback**

To better understand the concert industry within the region and within Madison, HSP reached out to major regional and national concert promoters. In doing so, HSP had conversations with promoters to better understand the likelihood of attracting live entertainment events to Madison. HSP spoke with Frank Productions, Feld Entertainment, Live Nation Entertainment and SMG to gather feedback on the market opportunity for the future of the Coliseum. An overview of each organization and a summary of the conversation had can be found below:

**Frank Productions** is a full-service concert promotion company founded in 1965 currently producing more than 100 concerts annually alongside its affiliated companies. Frank Productions is headquartered in Madison, and sold more than one million worldwide concert tickets in 2016. The following bullet points summarize conversations had with Frank Productions regarding the Madison concert and entertainment market:

- Veterans Memorial Coliseum is old and tired, and almost completely overlooked by modern events.
- The iconic nature of the Coliseum is an asset that should be leveraged. There is minimal incremental benefit to developing a new arena. The venue is in need of a renovation that improves the visitor experience while maintaining the iconic structure of the building.
- Madison should be a thriving concert market due to its size and demographics. The lack of an adequate facility is the primary reason for lost show opportunities.

- Event attendees are not willing to pay competitive ticket prices for major acts at the Coliseum due to the quality of the experience. This includes poor seating, bathrooms, concessions, and the general efficiency of the venue.
- The Coliseum will primarily compete with Milwaukee and Green Bay for major acts.
- Madison will be considered a secondary concert market. With a renovated Coliseum, the venue should anticipate approximately 12 to 15 concerts per year.
- Ideally, the Coliseum would feature approximately 1,000 additional seats. The addition of more seats would be the only measurable benefit from developing a new arena.

**Feld Entertainment** is headquartered in Ellenton, Florida and was founded in 1967 when Irvin Feld purchased the Ringling Bros. and Barnum & Bailey Circus. The Feld brand is best known for promoting and producing family shows such as Disney on Ice, Disney Live!, Monster Jam, Monster Energy AMA SuperCross, AMSOIL ArenaCross and Marvel Universe Live!. In 2016, Feld Entertainment sold more than 3.4 million event tickets worldwide. The following bullet points summarize conversations had with Feld Entertainment regarding the Madison concert and entertainment market:

- Feld Entertainment has not historically had success in the Madison marketplace primarily due to the quality and operations of the facility. The new involvement from SMG and future arena renovations could change this.
- The Madison market fits well into the rotational show pattern. There is a possibility of creating a “Wisconsin Triangle” between Milwaukee, Green Bay and Madison, which would be viewed attractively by event promoters.
- Feld Entertainment seeks venues with wide concourses, as merchandise sales are vital to their bottom line. The current rigging capacities in the Coliseum are only an issue for Marvel Live! shows and not for Disney on Ice.
- A new arena development, when compared to arena renovations, would not increase the number of shows Feld Entertainment could bring to the Madison market. A new arena is not necessary.
- After renovations, Feld envisions two annual shows: Disney on Ice (seven total performances) and Monster Jam (three total performances).

**Live Nation Entertainment** is the largest concert promotion company in the world, selling more than 44.3 million tickets worldwide in 2016. Live Nation Entertainment is headquartered in Los Angeles and was founded in 2010 when Live Nation and Ticketmaster merged. Currently, Live Nation Entertainment owns, leases, operates and has equity interest in a number of entertainment venues located throughout the United States. The following bullet points summarize conversations had with Live Nation Entertainment regarding the Madison concert and entertainment market:

- There is no reason to build a new arena in the Madison market, especially with new arena opening in Milwaukee. A renovation offers nearly the same value.
- Historically, Live Nation Entertainment has had difficulties hosting events at the Veterans Memorial Coliseum. The venue is in need of major improvements to loading docks, the rigging grid, bathrooms, green room space, points of sale and concourse hallways.

- Live Nation Entertainment sees the AEC's partnership with SMG as a positive step. It will provide additional networking and access to partnerships.
- Madison should be a thriving concert market. It is peculiar that the market does not get more concert traffic. This is likely due to the lack of an adequate venue.
- Currently, Live Nation Entertainment programs events in the Green Bay and Milwaukee markets. The programming in Milwaukee is going to drastically increase with the opening of new arena.
- Live Nation Entertainment would strongly consider the Veterans Memorial Coliseum with improvements. There is potential for four to six new shows annually.

**SMG** was founded in 1977 and managed only the Louisiana Superdome but currently manages more than 230 facilities worldwide. SMG, headquartered in West Conshohocken, Pennsylvania, has experience managing convention centers, exhibition halls, trade centers, arenas, stadiums, performing arts centers and theaters. The following bullet points summarize conversations had with SMG regarding the Madison concert and entertainment market:

- SMG was recently engaged by the AEC to provide the Veterans Memorial Coliseum with consulting and businesses development services, beginning January of 2017.
- The Veterans Memorial Coliseum is structurally sound and located in a healthy market. The venue is not marketed well and is in need of aesthetic and functional improvements including restrooms, rigging, paint (aesthetics), concessions, locker rooms, green rooms, and the concourse.
- The Madison market is not a "must play," but the new partnership between SMG and the AEC aims to address the marketing gap.
- Through its partnership, SMG is targeting events that can utilize more than just the Veterans Memorial Coliseum on the AEC's campus.
- Relocating the Madison Capitals hockey team would allow more opportunity for events in the Veterans Memorial Coliseum.

## Conclusion

The Alliant Energy Center's position in Madison, a growing city with a robust Big Ten college campus and a strong economy, provides the opportunity to redefine the concert experience in the metropolitan area. Madison is situated on one of the most heavily traveled stretches of rural interstate in the nation, and is nearly halfway between the Twin Cities and Chicago, two of the biggest concert markets in North America.

Locally, the Madison market lacks a high-quality arena dedicated to concerts and live entertainment events. Outside of the dilapidated Veterans Memorial Coliseum, the Kohl Center is the only other indoor venue with a capacity greater than 2,500. Management at Kohl Center has chosen to not pursue live entertainment programming outside of university related events, indicating a sizable market gap for the Coliseum. Concert industry promoters are generally satisfied with Madison's location within the regional market, however they are frustrated with the quality of the venue and no longer seriously consider Madison for events. Progress has been made to address these issues with scheduled improvements to the Coliseum's bathrooms, loading docks and interior painting, in addition to a newly executed contract between the AEC and SMG. In order for

the Coliseum to once again establish itself as a competitive force in the regional concert and entertainment landscape, major improvements, both to visitor experience and production capabilities, are necessary. Consensus among industry experts is that a new arena development is not necessary, and a renovation to the Coliseum will not only result in the same incremental benefit, but it will also help the AEC maintain its iconic structure on campus.

DRAFT

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## CONVENTION AND MEETING INDUSTRY TRENDS

It is important for stakeholders in Dane County to understand the forces shaping the convention and meetings business. While it is ever-changing, the expectations for ease, convenience and affordability have increased, while the demand for authenticity and large blocks of generic/branded hotel rooms and attached high-quality flexible spaces has also increased. Authenticity tied to large generic blocks of hotel rooms and space is ironic, but is the case.

This higher level of expectation for everything at a lower price point is a challenge for cities, as it creates a market that is not willing to pay for the quality it expects and demands. At the very least, Madison offers an authentic experience, but the facilities it can offer today are not in line with expectations, hence why so few conventions and conferences can fit into venues in Madison. Large and mid-sized cities that rely on convention business to fill their hotels and power their downtown economies often give away space or pay for shuttling or other costly items in order to lure meeting planners and their conventions. This effective rent reduction then cycles through the market to all venues. As the largest venues fill their space with subsidized events, the others follow suit. There is an expectation of reduced rent for impactful events, since they are actively sought after. Until supply exceeds demand, this market situation will continue.

### Purpose of Face-to-Face Meetings and Conventions

Conventions, exhibitions and trade shows are conducted for the purposes of exchanging information, conducting business transactions and for educational, cultural and social enrichment. As developments occur in the larger economy, simultaneous developments occur in the meetings market, such as the growth of the tech sector generating growth in tech-related meetings and events.

Often, a single event will use many different types of spaces, including exhibit halls, banquet facilities and breakout meeting rooms. Well-designed multi-purpose facilities offer the proportions of different types of spaces appropriate for the market. In addition, they offer the flexibility to host multiple events at one time. Different types of conventions and meetings have differing needs.

The following table summarizes the key attributes of various types of meetings, including facility requirements.

**Table 4-1**

Facility Types & Requirements for Various Event Types										
Event Type	Conventions with Exhibits	Conventions	Tradeshows	Consumer Shows	Assemblies	Sports Events	Conferences	Meetings	Trainings	Banquets
Attendance Range	150 - 50,000	150 - 15,000	250 - 50,000	250 - 1,000,000	150 - 50,000	500 - 100,000	50 - 2,000	10 - 300	10 - 300	50 - 2,000
Primary Purpose	Info Exchange & Sales	Info Exchange	Sales	Advertising & Sales	Info Exchange	Sports	Info Exchange	Info Exchange	Training	Social, Business & Charity
Facility Requirements	Exhibit Halls, Ballroom, Meeting Rooms, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Exhibit Halls, Hotel Block	Exhibit Halls	Arena or Exhibit Halls, Hotel Block	Arena, Stadium or Exhibit Halls, Hotel Block	Ballroom, Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Meeting Rooms, Hotel Block	Ballroom
Typical Facility Used	Convention Center & Large Hotels	Convention Center & Large Hotels	Expo Facilities & Convention Centers	Expo Facilities & Convention Centers	Arenas or Convention Centers	Arena, Stadiums, Convention Centers	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels	Convention/Conference Centers and Hotels

Source: HSP

The various types of convention and conference center events are described as follows:

**Conventions and Trade Shows** – Associations, professional groups and other membership organizations hold conventions and trade shows, with attendance generally ranging from 150 to 50,000 attendees. The larger of these meetings take place in convention centers with large exhibit halls, but as a Center for Exhibition Industry Research (CEIR) survey indicates, the majority of events require less than 50,000 square feet. Conventions and trade shows may feature a single meeting, but usually offer a number of concurrent meetings and exhibitions. Facility needs include assembly space for general sessions and displays, banquet facilities and numerous breakout-meeting rooms. Two-thirds of conventions and trade shows use exhibit space as a means to communicate ideas and to display products.

**Conventions** are high-impact events economically because a large percentage of attendees originate from outside the local area, typically stay several nights in the host city and spend money on accommodations, food, transportation, retail goods, and entertainment. Spouses, family, or companions typically accompany a significant number of attendees.

Like conventions, **trade shows** offer a forum for exchanging industry ideas. They vary slightly from conventions in that they are more product- and sales-oriented. Trade shows are exhibit-intensive, and exhibitors prefer column-free, open-space facilities in which temporary custom booths for product display are constructed. Trade shows typically attract a large number of attendees, who often originate from outside the host city, but tend to have a shorter average stay than convention attendees.

**Consumer Shows** are public, ticketed events featuring exhibitions of merchandise for sale or display. Consumer shows provide a means of product distribution and advertising. Some, such as auto and boat shows, have a recreational and entertainment function as well. Consumer shows range in size from small local and specialized shows with a few hundred attendees to large shows with thousands of attendees. The larger consumer shows may occur in convention centers, shopping malls, fairgrounds and other public-assembly facilities with large exhibition areas. The majority of attendees are local, but exhibitors often come from out of town. Site selection considerations for consumer shows include the size and income of the local population, availability of facilities and the number of competitive shows in the market.

**Assemblies** – Assembly events are social, military, educational, religious, and fraternal (SMERF) events. They can attract large numbers of people and require seating arrangements to support all the visitors. Larger assemblies are held in arenas or stadiums while smaller assemblies are held in venues such as school auditoriums, churches and community centers. Similar to conventions, many attendees originate from outside the host city, but, unlike conventions, these events do not usually require large amounts of exhibit and meeting room space.

**Sports** – Sporting events are any youth, amateur, professional, or senior event of any variety of sports that can be played indoors or outdoors. Typically, such events are held in arenas or stadiums; however, many events, from boxing to wrestling to basketball, can be held in exhibit facilities with temporary seating/stands. A growing trend in this sector is cheerleading competitions. As such, a multipurpose facility can be marketed for a variety of types of sporting events.

**Conferences** – Conferences are meetings typically held by associations, professional groups, and other membership organizations. Educational institutions also host conferences. These events do not usually require exhibit space, but otherwise the facility demands are similar to those of conventions—such as meeting space for general sessions, food service facilities and breakout rooms. Hotels and conference centers typically serve as venues for conferences.

**Corporate, Training and Other Meetings** – Corporate meetings include training seminars, professional and technical conferences, business/job fairs, incentive trips and management meetings. Corporate meeting planners and attendees demand high-quality facilities. High-quality and flexible technology capabilities are essential elements that corporate and business users require when selecting meeting facilities.

**Banquets** – Banquets are typically locally-generated events, from social and wedding events to an annual Chamber of Commerce event, which can be the largest of its kind in a given city. A mainstay of hotels and convention centers, banquets provide significant catering income and provide the community with its largest dining room, in most cases.

## **National Supply**

Demand for meeting and exhibition space allowed many communities in the U.S. to develop successful convention and trade show facilities during the 1970s and 1980s. Public sector involvement in these developments was motivated primarily by the desire to capture the economic benefits of the events they hosted in their communities.

The following figure shows a comparison of supply and demand growth for exhibit space in the US, beginning in 1987.

Figure 4-1

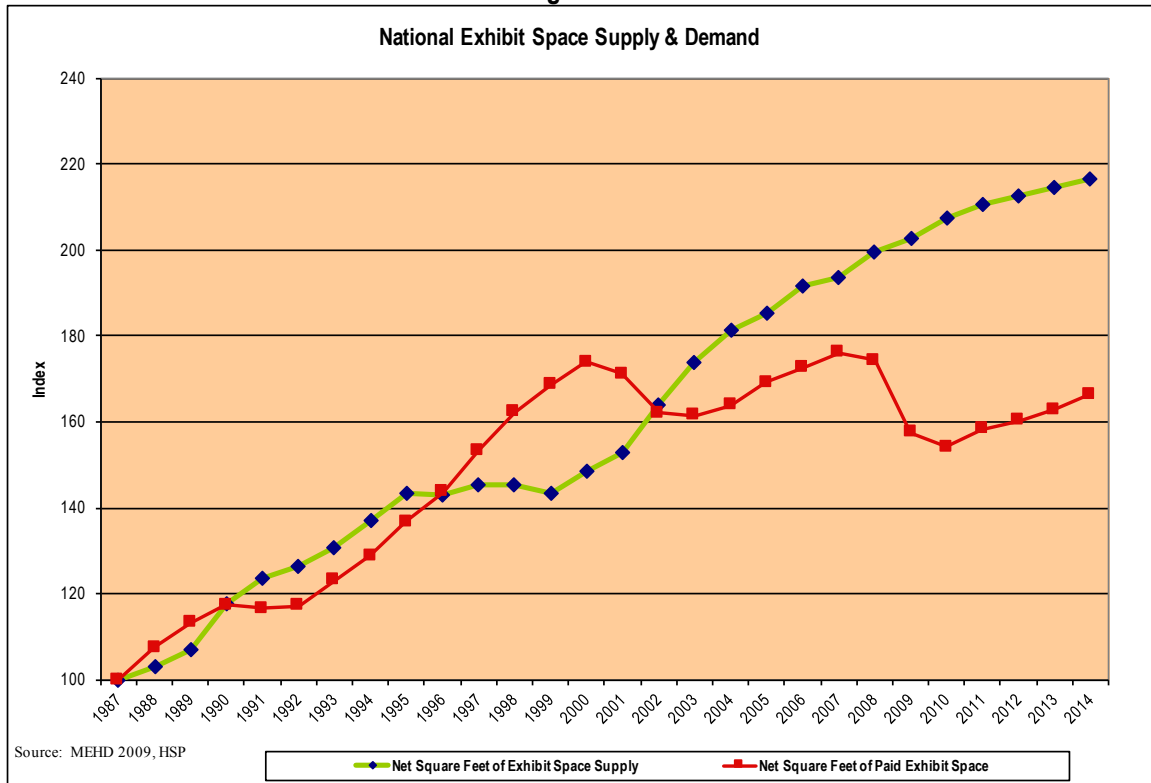
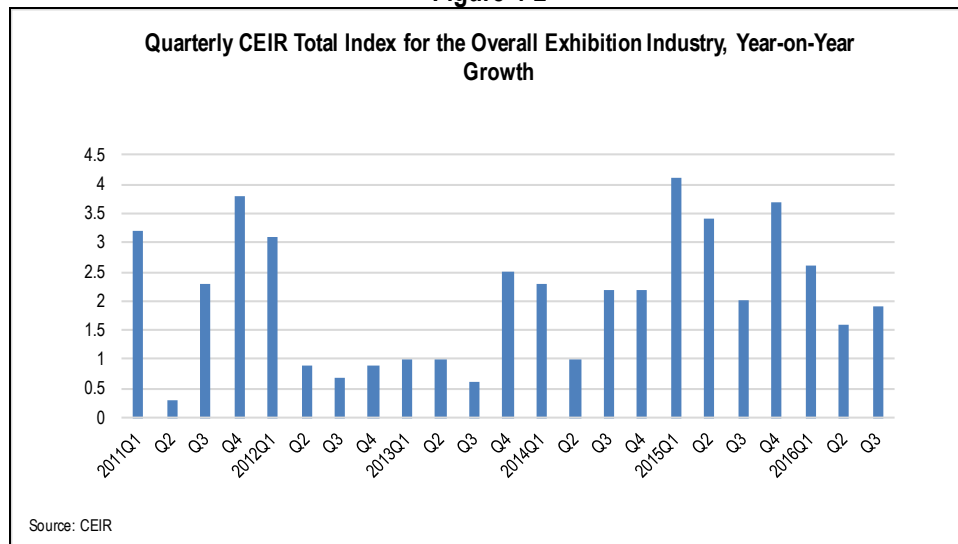


Exhibit space supply has increased every year since 1999; however, paid exhibit space (demand) rises and falls with the economy, as it decreased in 2001 and 2002 as well as 2008 and particularly in 2009. This has led to increased competition among convention centers. While demand is now increasing at a higher rate than supply, the gap in the supply/demand index still provides meeting and event planners an edge in negotiations.

The following figure shows the quarterly CEIR Total Index for the overall exhibition industry, based on year-on-year growth from the first quarter of 2011 to the third quarter of 2016.

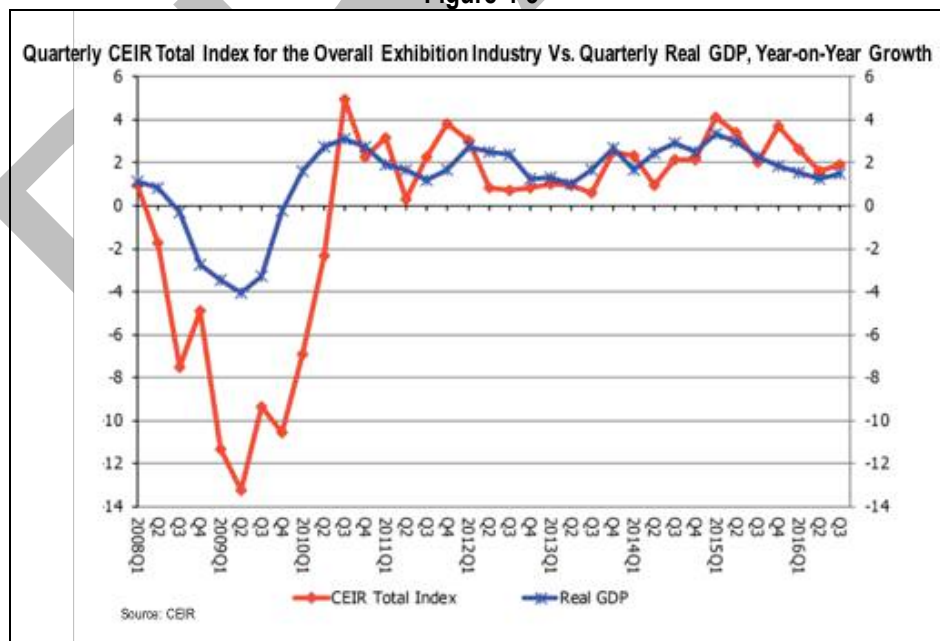
Figure 4-2



Trade show growth increased slightly in the third quarter over the 2<sup>nd</sup> quarter in 2016, as measured by the CEIR Index, which increased by 1.9 over third quarter 2015. The second quarter of 2016 saw an increase of 1.6, and the larger increase in the third quarter is attributed to a rebound in attendees. This marked the 25<sup>th</sup> straight quarter of year-on-year growth.

The following figure shows the quarterly CEIR total index compared to quarterly real GDP, based on year-on-year growth.

Figure 4-3

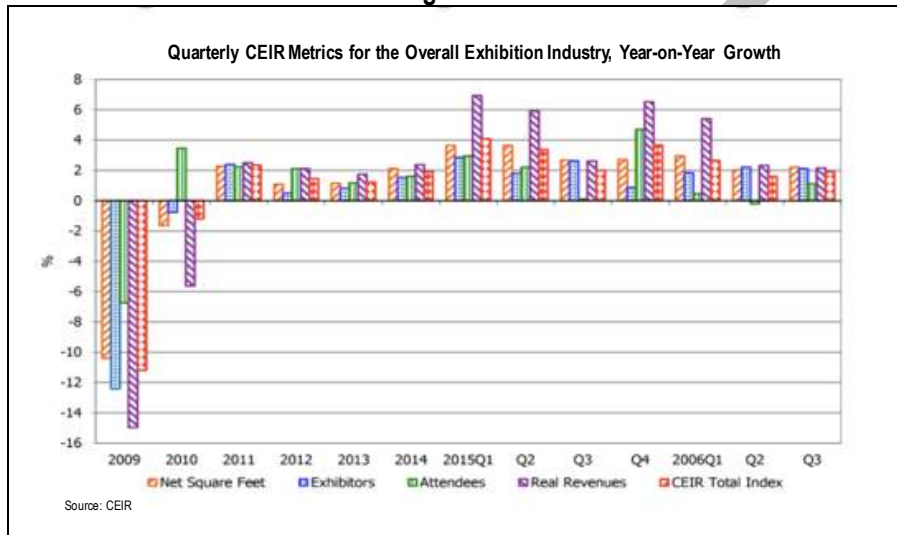




The exhibition industry has outperformed the macro economy during the last seven consecutive quarters. As shown these two measures generally have moved together through the time period with the CEIR Index having a more drastic and slower recovery from the Great Recession.

The following figure presents year-on-year growth for various exhibition metrics on a quarterly basis for 2015 and 2016, in comparison to annual changes from 2009 to 2014.

Figure 4-4



Real revenues have experienced the largest increases of all the metrics, with four quarters posting more than a five percent increase from the prior year. All the metrics have been positive over the last seven quarters, with the exception of attendees (which decreased 0.2 percent in the second quarter of 2016).

### Convention Centers

The following table shows the changes that have occurred in convention center technology in the past ten years.

**Table 4-2**

<b>Convention Facilities Technology Status</b>		
<b>Ten-Year Comparison</b>		
<b>Type</b>	<b>Ten Years</b>	<b>Today</b>
<b>Facility</b>		
Facility Website	87%	100%
Internet Access	77%	100%
Wireless Internet	60%	94%
Teleconferencing	58%	72%
Video Conferencing	50%	66%
Social Media Presence	0%	54%
Security Access Cards	43%	44%
<b>Online Event Planning</b>		
Booking Events	20%	19%
Ordering Supplies for Events	18%	31%
Booking Accommodations	16%	23%

Source: PricewaterhouseCoopers

Every convention center in the United States has a website and Internet access, which was not the case ten years ago. 94 percent of the facilities have wireless internet, up from 60 percent ten years ago. More than half of the convention centers in the United States have some social media presence, either on Facebook, Twitter, or some other platform.

Online event planning has not changed significantly in the past ten years. The only category that has significantly changed is ordering supplies for events, which users find convenient, is up from 18 percent to 31 percent. This indicates that staffing and personal marketing are still very important to a convention center, with the one-on-one contact through telephone and in person still essential for event planning.

Industry investment in technology during the next five years will be necessary for facilities to increase space flexibility and enhance the attendee experience. Facilities will need to use and create mobile platforms and internet-based applications to assist and accommodate attendees. Traditionally, facilities' technological efforts have focused on staples such as website development, standard audio/visual equipment and video-conferencing capabilities. However, according to an industry technology survey, facilities are increasingly focusing investment toward mobile and wireless capabilities, increasing network bandwidths, technologies that allow attendees to learn collaboratively and interactively as well as social media, e-marketing platforms, applications and webinars. Facilities must learn how to use these new technologies to their benefit, as they may pose a potential threat to industry revenue in the long run by allowing people to attend conferences and participate remotely. Ultimately, technology will need to be used as a tool that enhances business and individuals' experiences to drive demand for services.

The following table summarizes the ownership structure of U.S.-based convention centers.

**Table 4-3**

<b>Convention Center Ownership</b>				
<b>Ownership</b>	<b>Total Convention Centers</b>	<b>Large</b>	<b>Medium</b>	<b>Small</b>
City	48%	27%	52%	57%
Authority	27%	55%	22%	14%
State	8%	18%	4%	7%
County / Council	10%	--	9%	21%
Private	2%	--	4%	--
Non-Profit	2%	--	4%	--
Other	4%	--	7%	--
Is part of a complex	33%	27%	41%	21%

Source: International Association of Venue Managers, Inc.

As shown, most convention facilities are owned by the public sector. This public ownership, however, can take multiple forms, such as directly through the city, by means of an authority or through a state or county / council. However, state or county/council ownership is less common within the public sector. While many convention facilities are privately managed, very few are privately owned.

The following table shows the various convention center management types based on the exhibit space size.

**Table 4-4**

<b>North American Convention Centers - Management Type</b>				
<b>Size</b>	<b>Private Company</b>	<b>Quasi-Public Company</b>	<b>Local Government</b>	<b>Other</b>
Less than 100,000 square feet	30%	18%	40%	13%
100,000 to 500,000 square feet	44%	24%	22%	9%
More than 500,000 square feet	17%	50%	33%	0%

Source: PricewaterhouseCoopers

The three primary types of management are private, a quasi-public authority, or public. Of the three classifications of convention centers, based on the amount of exhibit space, convention centers with 100,000 to 500,000 square feet are often privately managed, by companies such as Spectra (formerly Global Spectrum) or SMG (44 percent). This trend toward private management has increased as governments and citizens are demanding more professional management and accountability related to the results at these major public investments.

The following table breaks down North American convention centers' personnel by the size of exhibit space offered.

**Table 4-5**

<b>North American Convention Centers - Personnel</b>			
<b>Size</b>	<b>Full-Time Total</b>	<b>Full-Time Sales Staff</b>	<b>Full-Time Equivalent</b>
Less than 100,000 square feet	32	4	47
100,000 to 500,000 square feet	95	6	119
More than 500,000 square feet	193	8	323

Source: PricewaterhouseCoopers

As expected, the larger the convention center, the larger the full-time or full-time equivalent staff required.

The following table shows the average event count and attendance for survey respondents by facility size.

**Table 4-4**

<b>North American Convention Centers - All Event Characteristics</b>		
<b>Size</b>	<b>Average Event Count</b>	<b>Average Total Attendance</b>
Less than 100,000 square feet	322	218,300
100,000 to 500,000 square feet	370	627,000
More than 500,000 square feet	219	1,119,200

Source: PricewaterhouseCoopers

The following table lists average annual exhibit event attendance for facilities of varying size.

**Table 4-5**

<b>North American Convention Centers - Annual Average Event Attendance</b>			
<b>Size</b>	<b>Conventions / Trade Shows</b>	<b>Consumer Shows</b>	<b>Subtotal</b>
Less than 100,000 square feet	42,100	66,800	108,900
100,000 to 500,000 square feet	146,500	146,800	293,300
More than 500,000 square feet	567,600	447,100	1,014,700

Source: PricewaterhouseCoopers

As shown, the annual attendance of consumer shows is greater at smaller convention centers with less than 100,000 square feet of exhibit space than that of conventions or trade shows. The number of annual exhibit event attendees is nearly split evenly between the two types of events for mid-sized convention centers. Larger convention centers, with more than 500,000 square feet of exhibit space, are opposite of their smaller counterparts, with convention and trade show attendance accounting for the largest portion of the annual exhibit event attendance.

The following table displays the number of convention/trade show and consumer show events hosted by survey respondents.

**Table 4-6**

<b>Surveyed National Exhibit Halls - Average Number of Events</b>			
<b>Size</b>	<b>Conventions / Trade Shows</b>	<b>Consumer Shows</b>	<b>Total</b>
Less than 100,000 square feet	27	22	49
100,000 to 500,000 square feet	45	24	69
More than 500,000 square feet	54	24	78

Source: PricewaterhouseCoopers

The following table presents average attendance for convention/trade shows and consumer shows.

**Table 4-7**

<b>U.S. Exhibit Hall Events - Average Attendance</b>		
<b>Size</b>	<b>Conventions / Trade Shows</b>	<b>Consumer Shows</b>
Less than 100,000 square feet	1,600	3,300
100,000 to 500,000 square feet	3,600	9,500
More than 500,000 square feet	9,100	17,500

Source: PricewaterhouseCoopers

The following table shows the average number of room nights generated annually by respondents to the convention center survey. In general, convention centers should generate from .25 to .75 room nights per square foot of exhibit space. The average for larger convention centers is about .50 to .60 room nights per square foot of exhibit space.

**Table 4-8**

<b>North American Convention Centers - Hotel Room Nights</b>	
<b>Exhibit Space Size</b>	<b>Average Number of Room Nights</b>
Less than 100,000 square feet	34,200
100,000 to 500,000 square feet	182,000
More than 500,000 square feet	927,500

Source: PricewaterhouseCoopers



## Consumer Shows

Consumer shows are a key component of convention center use and generate perhaps the greatest share of rent revenue, although they have low hotel and other economic impacts because most attendees are local. Other revenue is generally minimal beyond concessions. Consumer shows are public, ticketed events produced by private companies to promote a particular industry, such as the bridal/wedding business, gun/knife, home/garden, etc.

The following table shows the breakdown of public-consumer show organization ownership.

**Table 4-9**

Public-Consumer Show Ownership Structure	
Type	Percent
Private	53%
Association	32%
Partnership	3%
Other	13%
Source: R7M Research & Consulting	

The majority of public-consumer shows are owned by private organizations. Association ownership is the second-largest type of ownership, with 32 percent.

The following table shows the size of respondents' largest consumer public show held in net square feet, number of exhibiting companies and attendance.

**Table 4-10**

	Size of Largest Consumer Show		
	Net Square Feet	Exhibiting Cos.	Attendance
Average	180,758	299	38,101
Median	115,000	206	17,000
Source: R7M Research & Consulting			

The average size of the respondents' largest consumer public show utilizes more than 180,000 net square feet and the median is 115,000 square feet. This suggests that there are many very large consumer shows that pull the average much higher than the median. The median figure for attendance of 17,000 is closer to the typical consumer show attendance in a large market that HSP sees during its work.

The following table shows what type of shows are respondents' event types, by industry.

**Table 4-11**

<b>Largest Show Consumer Show Event Type</b>	
<b>Event Type</b>	<b>Percent</b>
Home and Garden	16%
Boats and Marine	8%
Automotive	5%
Sports and Recreation	5%
Education	3%
Outdoor, Hunting and Fishing	3%
Other	61%
Source: R7M Research & Consulting	

Home and garden shows are typically the largest event type of all consumer shows, followed by boat and marine shows. Other types of shows make up the majority of overall event types and these can include a wide variety of events, including jewelry, coin, toys, Lego, and others.

Based on feedback from consumer show owners, the average total gross revenue for the largest, most important show is approximately \$1.16 million, while the median is \$500,000.

The following table shows a breakout of gross revenue for respondents' largest show.

**Table 4-12**

<b>Largest Consumer Show Gross Revenue Sources</b>	
<b>Revenue Source</b>	<b>Average %</b>
Exhibit Booth Sales	67.6%
Admission/Ticket Sales	19.8%
Sponsorships	10.6%
Print Advertising	0.7%
Online/Website Advertising	0.1%
Other	1.3%
Source: R7M Research & Consulting	

There are three primary revenue sources for a consumer public show. Exhibit booth sales is the largest revenue source for consumer public shows, accounting for two-thirds of gross revenue. Booth sales are followed by ticket sales and sponsorship at 19.8 and 10.6 percent, respectively.

## **Food and Beverage**

The following table categorizes the catering and concession operations of North American convention centers based on the amount of exhibit space offered.

**Table 4-15**

<b>North American Convention Centers - Catering &amp; Concession Operations</b>			
<b>Size</b>	<b>Exclusive Center</b>	<b>Exclusive Contractor</b>	<b>Other / Multiple</b>
Less than 100,000 square feet	41%	38%	21%
100,000 to 500,000 square feet	38%	62%	0%
More than 500,000 square feet	11%	89%	0%

Source: PricewaterhouseCoopers

Of convention centers with 100,000 square feet of exhibit space or more, catering and concession operations are predominately contracted through an exclusive contractor. While 41 percent of convention centers with less than 100,000 square feet of exhibit space exclusively manage catering and concession operations within the center, nearly just as many (38 percent), are also contracted through an exclusive contractor.

The following table shows the gross food and beverage revenue per convention/trade show and consumer show event attendee at North American convention centers.

**Table 4-16**

<b>North American Convention Centers - Gross F&amp;B Revenue per Attendee</b>		
<b>Exhibit Space Size</b>	<b>Conventions / Trade Shows</b>	<b>Consumer Shows</b>
Less than 100,000 square feet	\$20.64	\$1.86
100,000 to 500,000 square feet	\$22.08	\$2.71
More than 500,000 square feet	\$33.04	\$3.59

Source: PricewaterhouseCoopers

The larger convention centers generate the greatest revenue from food and beverage per attendee. Convention centers with more than 500,000 square feet of exhibit space generated nearly \$13 more per convention/trade show attendee than centers with less than 100,000 square feet of exhibit space and nearly \$1.75 more per consumer show attendee.

### **Meeting Demand**

Meeting planners have the strongest influence on conventions and meetings held nationwide. This section includes some of the preferences of U.S. meeting planners based on Meetings Media’s Market Trends Survey as well as data from other sources.

The following table shows the size of convention center events, measured by the total gross square feet of space used.

**Table 4-17**

<b>Size of Exhibitions (Gross Exhibit Space)</b>		
<b>Function Space (SF)</b>	<b>Percent of Total</b>	<b>Cumulative Total</b>
6,000 - 14,999	19%	19%
15,000 - 24,999	13%	32%
25,000 - 34,999	15%	47%
35,000 - 49,999	13%	60%
50,000 - 99,999	19%	79%
100,000 - 199,999	14%	93%
200,000+	7%	100%

Source: Center for Exhibition Industry Research

Distribution is fairly equal for the size of exhibitions, and nearly half of all events can fit in spaces smaller than 50,000 square feet. Nearly 20 percent of exhibitions occur in less than 15,000 square feet of function space, and an additional 13 percent take place in 15,000 to 25,000 square feet of space. Facilities with less than 25,000 square feet of gross exhibit space can host just one third of conventions.

The following table shows the typical meeting duration.

**Table 4-18**

<b>Typical Meeting Duration</b>	
<b>Duration</b>	<b>Percent of Total</b>
0.5 day	8%
1.0 day	14%
1.5 days	7%
2.0 days	16%
2.5 days	14%
3.0 days	20%
3.5 days	7%
4.0 days	5%
4.5 days	4%
5.0 days	4%
More than 5 days	2%

Source: Meetings Media, HSP

Half of all meetings and events last between two and three days. However, without a good hotel package, these longer meetings and events are very difficult to secure.

The following table shows the types of facilities used for all conventions and meetings (respondents could give more than one answer).

**Table 4-19**

<b>Types of Facilities - U.S. Meetings and Conventions</b>	
<b>Facility Type</b>	<b>Percent of Total</b>
Downtown Hotels	68%
Suburban Hotels	48%
Resort Hotels (excluding golf resorts)	42%
Airport Hotels	26%
Convention Centers	19%
Golf Resorts	16%
Suites Hotels	16%
Gaming Facilities	9%
Residential Conference Centers	9%
Nonresidential Conference Centers	6%
Cruise Ships	1%

Source: Meetings Market Report

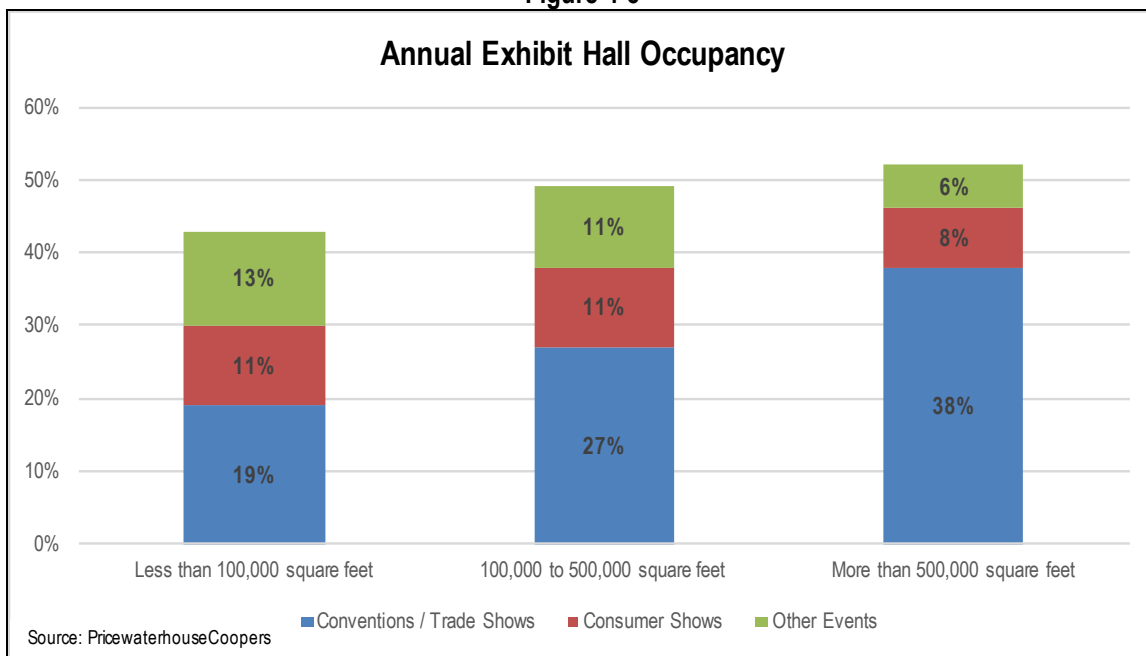
For all meetings and conventions, hotels are the primary host venue, while convention centers host one out of five meetings or conventions. The term residential conference center refers to a conference center with hotel rooms. For the larger convention events, typically only convention centers and large hotels host these types of events.

The next set of tables presents important industry metrics such as exhibit hall demand, occupancy, attendance, room nights and critical financial information from surveyed participants by PricewaterhouseCoopers. This data represents approximately 35 percent of convention center participants and 45 percent of destination marketing organization participants.

The following graph summarizes annual exhibit hall occupancy by conventions and trade shows, consumer shows and other events.



Figure 4-5



As shown, conventions and trade shows provide the largest portion of overall exhibit hall demand for all three categories of convention centers. As the amount of exhibit space increases so does its utilization by conventions and trade shows. These larger convention centers are able to attract various kinds of conventions, particularly the larger events that the smaller convention centers are unable to accommodate. Occupancy was higher in the larger facilities, led by convention and trade show occupancy. Consumer shows are less important as buildings increase in size. Exhibit hall occupancy, which can only practically reach 70 percent due to move in/out days and holidays, ranged from 42 percent in smaller buildings to 51 percent in larger buildings, on average.

The following table lists the North American convention center annual ballroom occupancy.

Table 4-20

Exhibit Space Size	Total
Less than 100,000 square feet	43%
100,000 to 500,000 square feet	42%
More than 500,000 square feet	51%

Source: PricewaterhouseCoopers

As demonstrated, ballroom occupancy at North American convention centers, regardless of size, averaged 45 percent from all facility types.

The following summarizes the North American convention center exhibit hall average daily rate per square foot.

Table 4-21

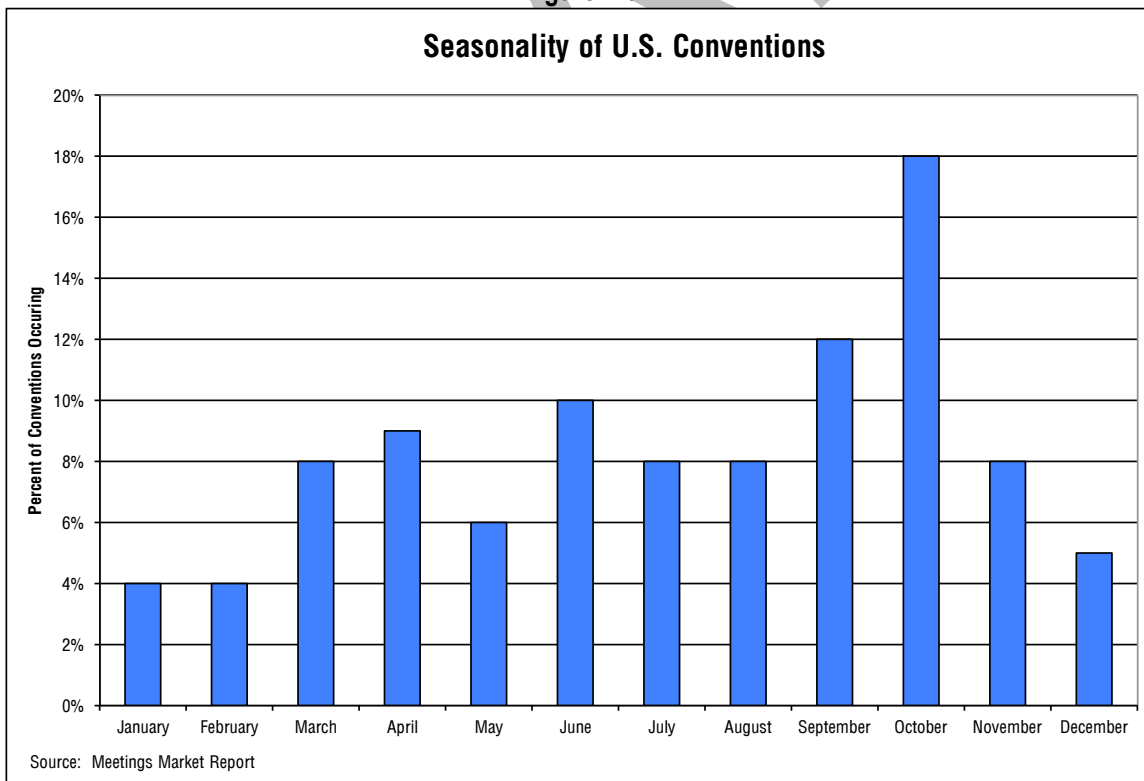
North American Convention Centers - Exhibit Hall Average Daily Rate (per square foot)		
Size	/ Trade Shows	Consumer Shows
Less than 100,000 square feet	\$0.123	\$0.106
100,000 to 500,000 square feet	\$0.068	\$0.069
More than 500,000 square feet	\$0.063	\$0.055

Source: PricewaterhouseCoopers

The larger the event, the lower the exhibit hall average daily rate per square foot. The average daily rate per square foot for convention or trade shows in larger convention centers is nearly half of the rate recorded for smaller centers.

The following figure shows the seasonality of the convention calendar across the United States.

Figure 4-6



The fall is the most popular time of year for conventions and events, followed by the spring and summer.

The following table shows the important factors considered when choosing a meeting destination/city.

**Table 4-22**

<b>Event Site-Selection Trends - Host City Key Factors</b>			
<b>Host City Factors</b>	<b>Very Important</b>	<b>Moderately Important</b>	<b>Not Important</b>
Hotel room prices and quality	80%	13%	7%
Hotel room availability and capacity	80%	12%	8%
Convention center and exhibition hall size and quality	76%	15%	9%
Facilities "under one roof" (i.e. meeting rooms, exhibit halls, hotels in one facility or connected)	61%	27%	12%
Labor costs and service issues	58%	36%	7%
Proximity of HQ hotel(s) to the convention center	54%	28%	19%
Destination appeal to attendees	48%	41%	11%
Concentration of our members, clients or industry professionals in the city and region	48%	41%	11%
Airport capacity and airfares	48%	37%	15%
Total population, demographics	27%	38%	35%
Road and highway access	26%	49%	24%
Climate/weather	17%	54%	29%
Cultural and entertainment amenities	13%	57%	30%

Source: R7M Research & Consulting

The top factors selected as very important are hotel room prices and quality, hotel room availability and capacity, and convention center and exhibition hall size and quality. The lowest-rated elements considered when choosing a meeting destination were the total population or demographics, climate/weather, and the cultural and entertainment amenities. While cultural and entertainment amenities ranked lower on the list of factors, the appeal of the evaluated city to the attendees was still important.

Having a large, quality hotel within walking distance of a multi-functional meeting facility opens up the market for many types of events that can accommodate and drive corporate demand, which then draws non-local visitors. Having restaurants and entertainment attached or in the immediate proximity will also enhance a facility's appeal. Another highly-ranked proposal component is listing a single point of contact at the venue. Essentially, any means of reducing the amount of work necessary to coordinate an event and eliminate any confusion due to poor communication is weighed heavily.

The following table lists the key factors considered when assessing a potential venue for an event.

**Table 4-23**

<b>Event Site-Selection Trends - Factors for Venues</b>			
<b>Venue Factors</b>	<b>Very Important</b>	<b>Moderately Important</b>	<b>Not Important</b>
Costs (to you, the event management)	91%	9%	0%
Costs (to exhibitors and attendees)	88%	10%	2%
Exhibit halls(s) size and quality	82%	16%	4%
Exhibit space layout (single floor,	80%	17%	3%
Meeting room capacity and quality	78%	16%	6%
Quality and proximity of hotels	71%	20%	9%
Labor costs and service issues	65%	31%	4%
Food and beverage quality and costs	62%	36%	2%
Ballroom capacity	54%	32%	14%
Technology services and capabilities	45%	45%	10%
Airport access to venue and hotels	41%	42%	17%
Attached, headquarters hotel	41%	37%	22%
Regional population/demographics	34%	39%	27%
Parking availability	33%	46%	21%
Proximity to entertainment and restaurants	31%	52%	17%
Highway and mass transportation access	20%	57%	23%
Environmental sustainability	7%	65%	28%
Proximity to tourism and cultural amenities	7%	52%	41%
Proximity to recreational activities	5%	51%	45%
Source: R7M Research & Consulting			

While the walkability, entertainment and amenities of a potential host location are critical to the selection process, various factors coupled with the venue are just as significant. As seen from the previous tables, cost is a key element considered in all areas associated with a meeting or event. This is true of the venue itself. The cost to the event management group, exhibitors and attendees ranks the highest of all the considered components. The next vital areas of consideration for a venue are the size and quality of function space available.

Once a destination is selected, planners must then choose a hotel. The following table shows the important factors for selecting hotels.

**Table 4-24**

	Important Factors when Selecting a U.S. Meeting Destination		
	Convention	Association Meeting	Corporate Meeting
Number, Size and Quality of Meeting Rooms	93%	69%	81%
Negotiable Food, Beverage, and Room Rates	87%	80%	79%
Cost of Hotel Meeting Facility	82%	80%	80%
Number, Size and Quality of Sleeping Rooms	79%	54%	72%
Quality of Food Service.	70%	63%	70%

Source: Meetings Market Report

As shown above, this reinforces the importance of the availability of the right spaces and the costs for those spaces as primary factors.

The following table reflects changes in the event and meeting planners' events.

**Table 4-25**

Changes in Event & Meeting Planner's Events and Shows	
Changes	Percentage
Increased Negotiations	72%
Requiring more telecom/internet bandwidth and related services	72%
Shorter booking windows, they are booking closer to the event dates	68%
Requiring higher-quality food and beverage	52%
Event attendance is growing	40%
Events are getting larger in terms of space requirements	40%
Requiring attendance promotion assistance	32%
Short Events in terms of total number of days	28%
Events attendance is declining	20%
Events are getting smaller in terms of space requirements	20%
Asking for more Public Relations assistance and outreach to city and regional leaders	16%
Shorter event day periods	12%
Focusing more on event design and ambiance	12%
Longer event day periods	8%
Longer booking windows, they are booking further from the event dates	8%
Other	4%

Source: R7M Research & Consulting

As shown in the table, event and meeting planners are utilizing their leverage, being in a buyer's market, to negotiate better deals. Their events are requiring more telecom/internet bandwidth and higher-quality food and beverage. Even though 68 percent of events and shows are being booked closer to the event date compared to only eight percent being booked further in advance, 32 percent of events and shows are requiring attendance promotion assistance, which puts more pressure on convention centers.



The following table displays the importance of information sources for attracting events.

**Table 4-26**

<b>Event Site-Selection Trends - Information Sources</b>	
<b>Information Source</b>	<b>Importance</b>
Past Experience	89%
Attendance Feedback	79%
Reputation/Image of Location	71%
Hotel Rating/User Review Sites	41%
Meeting Facility Web Sites	38%
Destination Web Sites	38%
Business Contacts at Location	24%
Travel Magazine Articles	15%
Social Networks/Media	14%
"Fam" Trips	13%
Trade Magazine Articles	13%
Travel Brochures	10%
Trade Shows	9%
Incoming Email	9%
Newspaper Articles	9%
Meeting Planning Firms/DMOs	8%
Trade Magazine Advertising	7%
E-mail Promotions*	7%
Webinars*	7%
Online Trade Publications	4%
Virtual Trade Shows	4%
CDs/DVDs	3%
Destination Blogs	3%
Bureau Sales Calls	3%
Podcasts	3%
Direct Mail Promotions	2%

Source: Metropoll Highlights Report XIV

The most important information source that dictates whether or not event and meeting planners choose a site is past experience, followed by attendance feedback. The only other information source above 50 percent is the reputation/image of the location. Websites for hotel ratings and user reviews, meeting facilities, and destinations also had a more significant impact on attracting events and shows than other listed information sources.

The following table highlights the critical components for site selection and what is considered important in proposals from CVBs, venues and/or hotels.

**Table 4-27**

<b>Event Site-Selection Trends - Necessary Proposal Components</b>	
<b>Item</b>	<b>Percentage</b>
Hotel rebates or discounts	82%
Exhibit hall discounts	75%
Having everything "under one rood"	73%
Other venue or hotel related service discounts or credits	49%
Source: R7M Research & Consulting	

Most event and meeting planners consider hotel rebates or discounts a necessary proposal component involved in site selection. Exhibit hall discounts as well as having all the event space and hotels under one roof are frequently noted as necessary proposal components.

The following table shows the preferred locations for consumer public shows.

**Table 4-28**

<b>Event Site-Selection Trends Preferred Location</b>	
<b>Location</b>	<b>Percentage</b>
Suburban area	69%
Urban downtown area	31%
Airport area	8%
Ocean beach area	8%
Fairgrounds	8%
Source: R7M Research & Consulting	

A suburban area location is most preferred for consumer shows, followed by urban downtown locations.

The table below depicts the importance of proximate amenities.

Table 4-29

Event Site-Selection Trends - Areas and Amenities			
Areas & Amenities	Very Important	Moderately Important	Not Important
On-Site or Near-by Parking	100%	0%	0%
Highway access	75%	25%	0%
Hotels	64%	18%	18%
Proximity to restaurants and bars	36%	45%	18%
Proximity to mass transit access	33%	50%	17%
Suburban areas	25%	50%	25%
Entertainment areas	18%	45%	36%
Downtown business district	17%	50%	33%
Proximity to tourism, cultural attractions	8%	58%	33%
Airport	8%	33%	58%
Sports facilities	8%	17%	75%
Universities/Colleges	8%	17%	75%
Ocean beachfront areas	8%	8%	83%
Proximity to recreational activities	0%	58%	42%
Manufacturing bases	0%	25%	75%
Resorts	0%	25%	75%
Casino/Gaming Destination	0%	8%	92%

Source: R7M Research & Consulting

On-site or nearby parking availability is a critical issue for most public-consumer shows. Another critical issue is highway access. Event and meeting planners want attendees to have easy and convenient access to the facility with plenty of available parking once they arrive. Hotels are another important issue for exhibitors and attendees. The following table shows preferred host location factors.

**Table 4-30**

<b>Event Site-Selection Trends - Host City Key Factors</b>			
<b>Host City Factors</b>	<b>Very Important</b>	<b>Moderately Important</b>	<b>Not Important</b>
Convention center and exhibition hall size and quality	82%	18%	0%
Total population, demographics	82%	9%	9%
Labor costs and service issues	45%	45%	9%
Road and highway access	45%	27%	27%
Facilities "under one roof"	40%	40%	20%
Hotel room prices and quality	36%	45%	18%
Hotel room availability and capacity	27%	36%	36%
Proximity of HQ hotel(s) to the convention center	27%	36%	36%
Destination appeal to attendees	27%	27%	45%
Concentration of our members, clients or industry professionals in the city	20%	60%	20%
Climate/weather	0%	55%	45%
Airport capacity and airfares	0%	27%	73%
Cultural and entertainment amenities	0%	27%	73%

Source: R7M Research & Consulting

The most important factors for host city selection is convention center and exhibition hall size and quality. Planners need to ensure the facility has enough space to meet total attendance and parking requirements.

### Implications

The convention and conference event industry is diverse and responds well to facilities that can accommodate their needs, such as assembly space for general sessions and displays, ballroom facilities and numerous breakout-meeting rooms. Supply has been outpacing demand in the convention and meetings industry, even before the economic downturn in 2008. Even in the economic downturn, however, more than 65 percent of convention and meetings facilities expanded, renovated or built new facilities. This hurt pricing power for facilities over the past several years, but as the economy and meetings expand, balance is being restored to the supply/demand mix. Since 2013, the meetings and convention business has been expanding at a rapid pace, in many cases faster than the growth in corporate or leisure business. Overall, the industry today is about the same size as it was in 2000, yet with many more facilities and adjacent hotel packages to choose from.

Important factors in the decision process of choosing a convention or meeting site includes availability of nearby hotel rooms, cost of travel, and meeting space in the facility and hotels. The most important types of meeting space now are the number of breakout meeting rooms and ballrooms. Expo and exhibition space are still important, but less so now than in the past. Higher rated businesses (e.g. corporate, medical, associations that are willing to pay more for better facilities and experiences) need many breakout rooms and high quality ballrooms to conduct their trainings and other meetings.

Is investment in this industry worth it? For those that construct and manage the right set of facilities within an attractive market, yes. Those that put the right package together (hotels and the right kinds of function space in a walkable environment) will generate new meetings and event business. Enhancing the 'fun' side

of the community, such as a nearby downtown or entertainment/restaurant district, will provide the community more to sell in this competitive industry. Ultimately, those cities with a competitive package will generate a constant flow of group and event business that will support hotels, restaurants and jobs.

For those communities that can make it work, there is a fiscal and economic return in the form of hotel and other taxes, jobs and urban economic activity. It also highlights the community as a place to live, work, play and visit again. Yet the upfront investment can be large, and ongoing support can also be quite significant.

DRAFT



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## MEETINGS AND EVENT MARKET ANALYSIS

In order to understand how the Alliant Energy Center compares and competes with other local, statewide, and regional meeting and event options, competitive convention and event markets and facilities were identified and analyzed. Competitive facilities identified in this chapter include convention centers, exposition centers, and hotels that can accommodate large events.

### Local Meeting Market Analysis

The local market area consists of a convention center, hotels with meeting space, performing arts venues, and meeting space on the University of Wisconsin campus. With the exception of the Alliant Energy Center and Monona Terrace, the local facilities feature only a ballroom and limited meeting space.

The following table shows the function space for the venues in the Madison area compared to the Alliant Energy Center.

**Table 5-1**

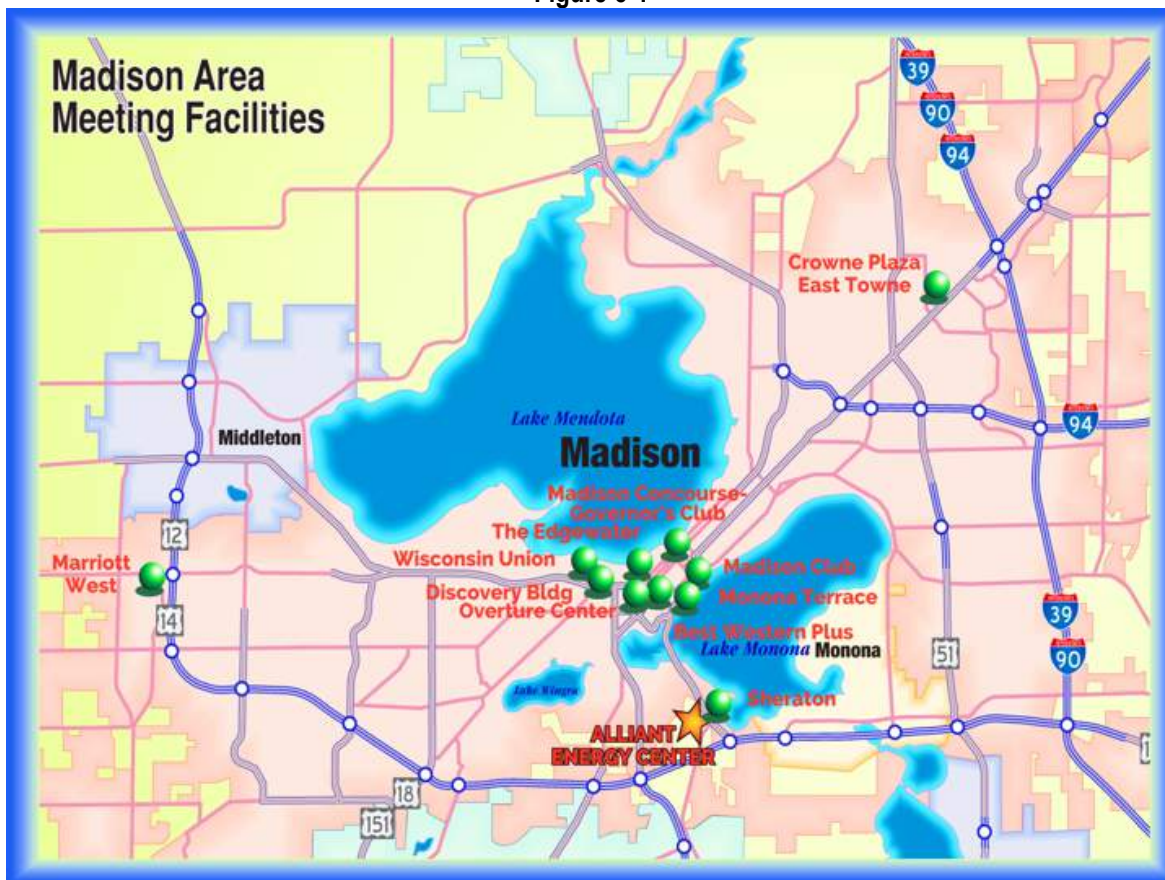
Madison Meeting Market Analysis							
Facility	Dist. from AEC (Miles)	Total Function Space (SF)	Exhibit Space (SF)	Ballroom Space (SF)	Meeting Space (SF)	Breakout Rooms	Hotel Rooms
Sheraton Madison Hotel	1.0	17,497	--	5,300	12,197	13	239
The Madison Club	1.9	9,300	--	6,600	2,700	7	--
Best Western Plus Inn On The Park	2.0	15,232	--	5,208	10,024	7	214
Overture Center For The Arts	2.1	23,787	--	11,400	12,387	8	--
Madison Concourse Hotel and Governor's Club	2.2	33,664	--	20,401	13,263	17	373
Pyle Center (Extension Conference Centers)	2.6	44,118	--	5,556	38,562	34	--
The Edgewater	2.8	11,227	--	7,810	3,417	6	202
Wisconsin Union - Memorial Union at Wisconsin Union	2.8	15,978	--	5,444	10,534	8	--
Discovery Building	2.9	6,936	--	3,774	3,162	3	--
Monona Terrace Community and Convention Center	2.9	62,230	37,200	13,524	11,506	18	--
Crowne Plaza Madison-East Towne	7.3	10,655	--	8,503	2,152	4	226
Madison Marriott West	12.3	41,978	--	9,800	32,178	12	292
<b>Average</b>		<b>24,384</b>	<b>37,200</b>	<b>8,610</b>	<b>12,674</b>	<b>11</b>	<b>258</b>
<b>Alliant Energy Center</b>	--	<b>120,320</b>	<b>100,000</b>	<b>0</b>	<b>20,320</b>	<b>12</b>	<b>140</b>

Source: Various Event Facilities, Hunden Strategic Partners

As the table shows, only the Monona Terrace and Alliant Energy Center (AEC) offer exhibit space in the Madison market and AEC is the only competitive meeting facility with no true ballroom space. Monona Terrace, the the primary convention venue in the Madison market, features less than 40,000 square feet of exhibit space and less than 65,000 square feet of total function space.

The following figure shows the map of the meeting facilities in the Madison area.

Figure 5-1



As the map shows, the majority of the meeting venues in Madison are downtown and surrounding the University of Wisconsin campus with the exception of the Crowne Plaza East Towne northeast of downtown, the Marriott West west of downtown, and the Sheraton located across the street from the Alliant Energy Center.

Conversations with local market stakeholders indicated that the primary meeting and event venues in the market, in addition to the Alliant Energy Center, include the Monona Terrace, the Madison Concourse Hotel and Governor's Club, and the Madison Marriott West.

#### *Monona Terrace Community and Convention Center*

The Monona Terrace Community and Convention Center, typically referred to as Monona Terrace, is a convention center on the shores of Lake Monona in downtown Madison. The building, designed by Wisconsin native Frank Lloyd Wright, opened in 1997 at 1 John Nolen Drive, approximately three miles northeast of the AEC. The facility has a gift shop and rooftop café, open during the warm months, and offers guided tours.

The following table summarizes the function space of Monona Terrace.

**Table 5-2**

<b>Monona Terrace Community and Convention Center Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Exhibit Space</b>			
Exhibition Hall	37,200		2
	<u>37,200</u>		<u>2</u>
<b>Ballroom Facilities</b>			
Madison Ballroom (A-D)	13,524		4
	<u>13,524</u>		<u>4</u>
<b>Meeting Room Facilities</b>			
Hall of Ideas (E-J)	6,840		6
Meeting Rooms K-R	3,680		8
Dane Room	493		1
Wisconsin Room	493		1
Hall of Fame Room	600		1
	<u>12,106</u>		<u>17</u>
<b>Hotel Rooms</b>			
Total Exhibit Space	37,200		
Total Ballroom Space	13,524		
Total Meeting Space	<u>12,106</u>		
Total Function Space	<u>62,830</u>		
<b>Ballroom Divisions</b>			
	4		
<b>Meeting Room Divisions</b>			
	<u>17</u>		
Total Divisions (including Ballroom)	<u>21</u>		

Source: Monona Terrace , Cvent, Hunden Strategic Partners

While Monona Terrace markets a 37,200-square foot exhibition hall, this space is not true exhibition space capable of accommodating major flat-floor events and does not compete with AEC. The facility also offers a 13,500-square foot ballroom with four divisions, in addition to five meeting rooms with a total of more than 12,000 square feet of meeting space in 17 divisions. Conversations with representatives from Monona Terrace indicated that Monona Terrace and the AEC, due to differences in quality and size of function space, typically do not directly compete for events. While Monona Terrace is considered a convention center, the venue acts as a quasi-conference facility, and is unable to accommodate large conventions due to limited event space. Monona representatives stated that the two facilities currently complement each other due to the difference strengths of each facility. The AEC is able to accommodate larger consumer and agriculture events, while Monona Terrace typically hosts smaller, higher-rated events that are looking for a downtown Madison experience. Conversations with stakeholders indicated that there is pent-up demand in the market for larger events that Monona cannot accommodate, and an expanded and improved AEC should be able to capitalize on this opportunity.

### Madison Concourse Hotel and Governor's Club

The Madison Concourse Hotel and Governor's Club is located at 1 West Dayton Street, approximately three miles due north of the AEC and two blocks northwest of the State capitol. The hotel, which opened in 1974, was most recently renovated in 2016. The independent hotel has 373 guest rooms, including 12 suites. The top three floors of the property are called the Governor's Club, which has 100 premiere guest rooms and a private lounge. The full-service property offers a fitness center, indoor pool, whirlpool, sauna, business center, dry cleaning and laundry services, The Bar, and room service.

The following table presents the function space at Madison Concourse Hotel and Governor's Club.

**Table 5-3**

<b>Madison Concourse Hotel and Governor's Club Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Ballroom Facilities</b>			
Grand Ballroom	10,201		1
Madison Ballroom	3,206		1
Wisconsin Ballroom	2,919		1
Capitol Ballroom	4,075		2
	<u>20,401</u>		<u>5</u>
<b>Meeting Room Facilities</b>			
University Room	2,265		4
Assembly Room	1,648		1
Caucus Room	579		1
Senate Room	1,811		2
Conference I	604		1
Conference II	628		1
Conference III	585		1
Conference IV	588		1
Conference V	632		1
Parlor 629	494		1
Parlor 638	1,404		1
Parlor 627	1,296		1
Parlor 634	729		1
	<u>13,263</u>		<u>17</u>
Hotel Rooms	373		
Total Ballroom Space	20,401	/ Guest Room	54.7
Total Meeting Space	<u>13,263</u>		<u>35.6</u>
Total Function Space	33,664		90.3
<b>Ballroom Divisions</b>			
	5	/ 100 Guest Rooms	1.3
<b>Meeting Room Divisions</b>			
	<u>17</u>		<u>4.6</u>
Total Divisions (including Ballroom)	22		5.9

Source: Madison Concourse Hotel, Cvent, Hunden Strategic Partners

The Madison Concourse Hotel features four ballrooms with more than 20,000 square feet and a total of five divisions. The Grand Ballroom is the largest, offering approximately 10,200 square feet. The property also offers 13 meeting rooms with more than 13,000 square feet with a total of 17 divisions. The hotel is the largest convention hotel in downtown Madison and hosts conventions, small planning sessions, social events and weddings. Due to the size of the venue, the property does not directly compete with AEC for events.

### *Madison Marriott West*

The Madison Marriott West, built in 1990 and renovated in 2015, is located approximately 12 miles northwest of the AEC at 1313 John Q Hammons Drive. The hotel is affiliated and branded with Marriott Hotels and has 292 rooms, including 54 suites. The property offers a fitness center, indoor pool, an airport shuttle and has the Falling Water Café.

The following table shows the function space that is available at the Madison Marriott West.

**Table 5-4**

<b>Madison Marriott West Function Space</b>			
<b>Facilities</b>	<b>Total (SF)</b>	<b>By Division (SF)</b>	<b>Divisions</b>
<b>Ballroom Facilities</b>			
Ballroom	9,800		8
	9,800		8
<b>Meeting Room Facilities</b>			
Superior	9,504		1
Michigan	9,504		1
Wisconsin	4,416		1
Geneva	2,448		1
Mendota	2,448		1
Green Bay	546		1
Milwaukee	572		1
La Crosse	546		1
Greenway	1,248		1
Madison Boardroom	322		1
Middleton	624		1
	32,178		11
Hotel Rooms	292		
Total Ballroom Space	9,800	/ Guest Room	33.6
Total Meeting Space	32,178		110.2
Total Function Space	41,978		143.8
Ballroom Divisions	8	/ 100 Guest Rooms	2.7
Meeting Room Divisions	11		3.8
Total Divisions (including Ballroom)	19		6.5

Source: Madison Marriott West, Cvent, Hunden Strategic Partners



The Madison Marriott West has a total of nearly 42,000 square feet of function space. This includes an eight-division, 9,800-square foot ballroom, which is the largest meeting space on the property. The property also features 11 meeting rooms with a total of 32,178 square feet. The Conference Center is comprised of Superior, Michigan, Wisconsin, Geneva and Mendota rooms, and can seat up to 2,400 guests when combined. The property hosts conferences, meetings, social events and weddings. Due to the size of the venue, the hotel does not compete with AEC.

The following section profiles the other meeting and venues in Madison.

- **The Sheraton Madison Hotel** is located just west of the AEC at 706 John Nolen Drive. The hotel is affiliated with Starwood Hotels under the Sheraton brand. The 239-room hotel opened in 1976 and was most recently renovated in 2010. The property features the Destination Ballroom, which has two almost-equal divisions and 13 meeting rooms with a total of nearly 12,200 square feet of meeting space.
- **The Madison Club** is located approximately two miles north of the AEC in downtown Madison. The club has been open for more than 100 years and offers memberships, which include golf privileges, fine dining, networking events and their Wine Club. The venue has two small ballrooms, which total approximately 6,600 square feet. The ballrooms can accommodate receptions of 220 and 250 guests each. There are also seven meeting rooms, which can hold from six to 70 guests each. The Madison Club hosts small meetings, social events and weddings.
- **Best Western Plus Inn on the Park** is located at 22 S Carroll Street in downtown Madison approximately two miles due north of the AEC. The hotel opened in 1962 and was most recently renovated in 2016. The property has 214 guest rooms. The property has more than 15,000 square feet of function space, including the 5,208-square foot Hall of Wisconsin Ballroom, and seven conference rooms. All function space has been recently renovated and hosts groups up to 450.
- **The Overture Center for the Arts** is located at 201 State Street in downtown Madison, approximately two miles due north of the AEC. The center opened in 2004 and is home to ten resident art organizations, which includes the Madison Ballet, Madison Opera, Madison Symphony Orchestra, Kanopy Dance Company and the Children's Theater of Madison. There are four performance halls, and the lobby of the facility provides 11,400 square feet of ballroom space. The venue has six meeting rooms with more than 12,000 square feet of meeting space.
- **Pyle Center** is part of the University of Wisconsin-Extension Conference Centers, along with the Lowell Center. The Pyle Center is located on the east side of the University of Wisconsin campus at 702 Langdon Street. The conference center has more than 36 meeting rooms with a total of 44,118 square feet of space for meetings, seminars, trainings, banquets and weddings for groups up to 400.
- **The Edgewater** opened in 2014 at 1001 Wisconsin Place on the shores of Lake Mendota, approximately four miles northwest of the AEC. The 202-room hotel has two ballrooms; the Grand Ballroom has 6,150 square feet and the Mendota Ballroom has 1,660 square feet. The Edgewater also has two meeting rooms with more than 3,400 square feet of space combined. These spaces can accommodate seated groups up to 500.

- **The Memorial Union at Wisconsin Union**, opened in 1928 on the shores of Lake Mendota on the University of Wisconsin campus at 800 Langdon Street. The facility is operated by the Wisconsin Union and is currently going through an extensive renovation, which has closed parts of the building during the process. The venue has nine meeting rooms with nearly 16,000 square feet of space to host a variety of educational and social activities for students, faculty, staff and the Madison community.
- **The Discovery Building** is located on the campus of the University of Wisconsin at 330 North Orchard Street, approximately three miles northwest of the AEC. The facility is dedicated to assisting the campus and the community to explore new ways to conduct and share research and creative ideas. It opened in 2010 and has two institutes, the private Morgridge Institute for Research and the public Wisconsin Institute for Discovery. The Discovery Building is managed and operated by the Wisconsin Alumni Research Foundation (WARF). The facility has the H.F. DeLuca Forum, which provides 3,774 square feet of ballroom space and three meeting rooms with a total of more than 3,100 square feet.
- **Crowne Plaza Madison-East Towne** is located approximately seven miles northeast of the AEC at 4402 East Washington Avenue just west of I-90. The 226-room hotel opened in 2009. The facility has three ballrooms with more than 8,500 square feet with a total of seven divisions and four meeting rooms with 2,152 square feet. The Crowne Plaza Madison hosts meetings, conferences, social events and weddings for groups up to 600 guests.

### *Implications*

Analysis of the local meeting venues indicates that, outside of Monona Terrace, there are no sizeable facilities capable of accommodating larger conventions and consumer shows. The market consists primarily of hotels with limited function space that fill a gap in the local event market, but do not compete with AEC. While Monona Terrace is considered a convention center, the limited amount of exhibit space offered at the facility ensures that the venue functions more similarly to a conference center. The facility simply does not offer the space necessary to accommodate major conventions that want to bring their events to Madison. Overall, the existing market conditions suggest that there is opportunity for AEC to act as the major convention venue in the market.

## **REGIONAL CONVENTION AND MEETING FACILITIES**

Madison's primary competition will come from Wisconsin, the Minneapolis-St. Paul area, Des Moines, Peoria and the greater Chicago area's convention centers, fairgrounds, and meeting hotels. The following table shows the regional convention facilities that have been identified as AEC's current primary competitors for attracting events. The table includes total function space and breaks that space down into exhibit, ballroom and meeting room space. It also shows the number of walkable hotel rooms. Walkable hotels are considered to be within approximately 1,200 to 1,500 linear feet from a facility. For comparison, AEC information is shown at the bottom of this table. The three facilities in Chicago are not included in the averages to minimize skewing the averages due to their size. In order to be considered in this analysis, a facility must have more than 25,000 square feet in a single room.

The following table lists the regional competitive meeting facilities.

Table 5-5

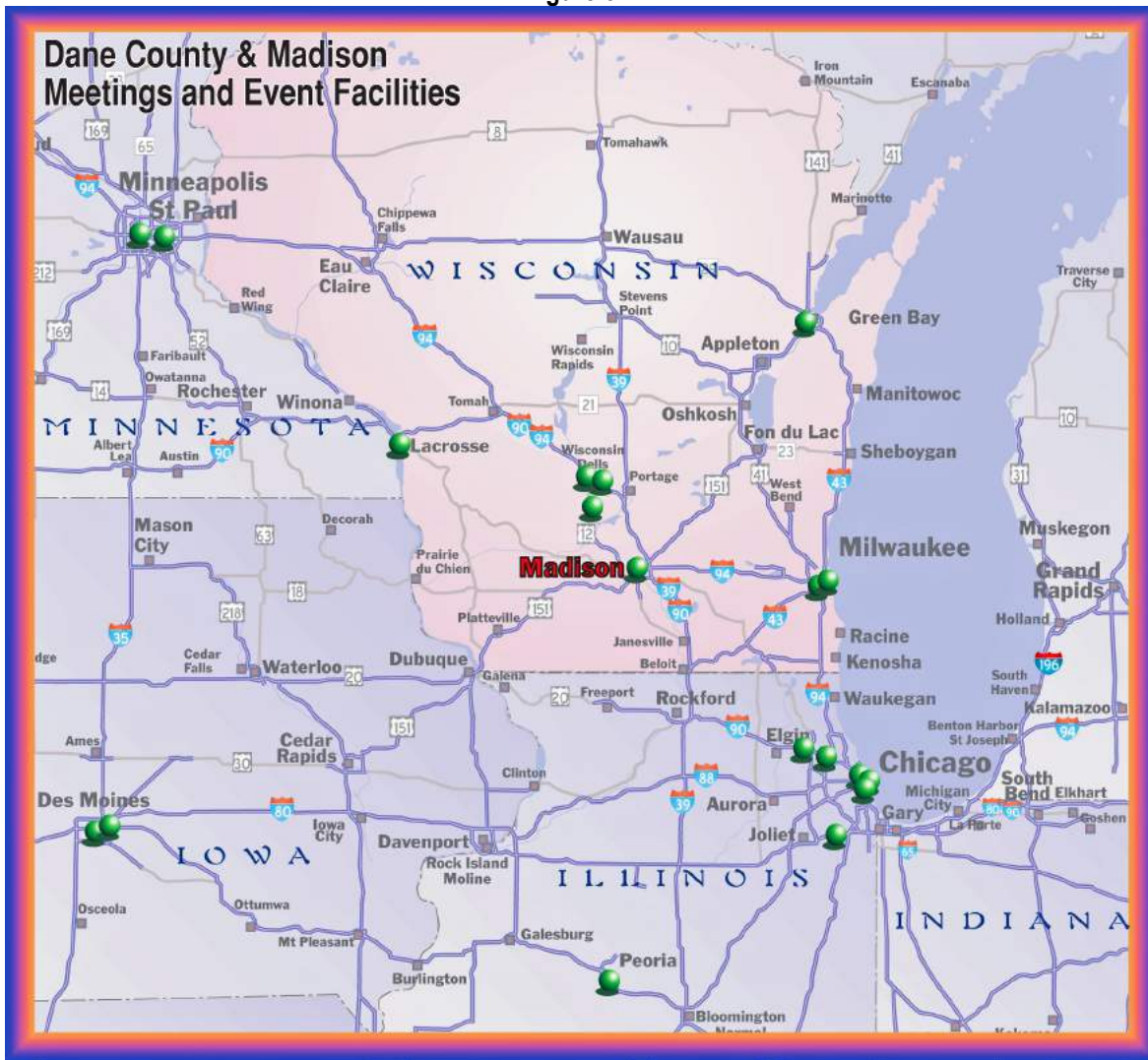
Madison Meeting Market Analysis									
Facility	Location	State	Dist. from	Total	Exhibit	Ballroom	Meeting	Breakout	Walkable
			AEC	Function	Space	Space	Space		Hotel
			(Miles)	Space (SF)	(SF)	(SF)	(SF)	Rooms	Rooms
Monona Terrace Community and Convention Center *	Madison	WI	3	62,230	37,200	13,524	11,506	18	619
Ho-Chunk Convention Center	Baraboo	WI	49	29,914	--	26,598	3,316	5	302
Kalahari Resorts & Conventions	Wisconsin Dells	WI	56	61,419	--	37,760	23,659	19	756
Chula Vista Resort	Wisconsin Dells	WI	62	128,383	83,600	19,957	24,826	20	624
Exposition Center at Wisconsin State Fair Park	West Allis	WI	75	202,636	198,898	--	3,738	6	--
Wisconsin Center	Milwaukee	WI	80	265,841	188,695	37,506	39,640	28	2,303
Schaumburg Convention Center	Schaumburg	IL	121	145,244	97,200	39,892	8,152	12	757
Donald E. Stephens Convention Center	Rosemont	IL	130	860,497	787,000	69,360	4,137	8	3,364
KI Convention Center	Green Bay	WI	140	71,859	17,346	42,962	11,551	12	416
Hyatt Regency Chicago	Chicago	IL	145	190,703	70,000	53,165	67,538	67	14,062
Navy Pier Chicago	Chicago	IL	146	221,200	170,100	18,150	32,950	36	--
McCormick Place *	Chicago	IL	147	3,352,990	2,549,371	203,619	600,000	173	2,458
La Crosse Center	La Crosse	WI	148	75,574	49,477	6,700	19,397	16	627
Tinley Park Convention Center	Tinley Park	IL	168	68,815	39,900	23,660	5,255	9	514
Peoria Civic Center *	Peoria	IL	198	152,587	108,674	26,550	17,363	15	944
Saint Paul RiverCentre	St. Paul	MN	266	109,866	64,341	27,111	18,414	15	1,077
Minneapolis Convention Center	Minneapolis	MN	274	577,664	475,200	28,000	74,464	87	2,458
Iowa State Fairgrounds	Des Moines	IA	292	288,488	272,488	--	16,000	7	--
Iowa Events Center *	Des Moines	IA	293	223,351	146,926	28,800	47,625	35	465
<b>Average **</b>	--	--	<b>147</b>	<b>207,773</b>	<b>183,353</b>	<b>30,599</b>	<b>20,565</b>	<b>20</b>	<b>1,088</b>
<b>Alliant Energy Center</b>	Madison	WI	--	<b>120,320</b>	<b>100,000</b>	--	<b>20,320</b>	<b>12</b>	<b>581</b>
<b>Difference from Average</b>	--	--	--	<b>-87,453</b>	<b>-83,353</b>	<b>-30,599</b>	<b>-245</b>	<b>-8</b>	<b>-507</b>

\* Walkable hotel rooms include rooms currently under construction  
 \*\* Averages do not include Chicago facilities  
 Source: Various Event Facilities, Hunden Strategic Partners

As shown, McCormick Place, which is currently the largest convention center in North America, has the most function space in the region with more than 3.3 million square feet. Due to Madison’s central location in southern Wisconsin, facilities in Milwaukee and the Wisconsin Dells are the closest geographical competitors to the Madison market. On average, the AEC offers 500 fewer walkable hotel rooms than competitive event properties. Other than two non-convention venues, the Exposition Center at Wisconsin State Park and the Iowa State Fairgrounds, the AEC is the only venue that does not offer ballroom space.

The following figure shows the location of the convention center and hotel competition in the region surrounding Madison.

Figure 5-2



As shown, there are a number of hotels and meeting facilities that offer more than 25,000 square feet of meeting space in a single room in the region. The highest concentration is in the greater Chicago area.

The following section presents the profiles of the facilities in the region surrounding Madison.

### Eastern Wisconsin

There are three competitive facilities in eastern Wisconsin, two in Milwaukee area and one in Green Bay. The following section presents these facility profiles.

- The **Wisconsin Center**, built in 1998, is located east of I-43 and north of the I-43 and I-94 split in downtown Milwaukee. The facility is owned and operated by the Wisconsin Center District and

is connected to the Hilton and Hyatt, with a total of more than 2,300 walkable hotel rooms. The exhibit hall has 188,695 square feet of contiguous space with four divisions. The ballroom provides 37,506 square feet of space with four divisions that can host dinners for 3,150 guests when combined. The venue has 39,640 square feet of meeting space in 28 breakout rooms. The Wisconsin Center hosts sporting events, trade shows, conventions, conferences, and business and community events.

- The **Exposition Center at Wisconsin State Park**, built in 2002, is located south of I-94 and east of I-41 in the Milwaukee suburb of West Allis. The Exposition Center is an exhibition hall and exposition facility at the Wisconsin State Fair Park. The facility is owned and operated by the State of Wisconsin and run by Wisconsin State Fair Park employees. The nearly 200,000-square foot exhibit hall at the facility is the largest in the state. The facility has six meeting rooms with a total of 3,738 square feet. The Expositions Center is primarily used for consumer shows, food functions, trade shows and other public events. The facility is used during the 11-day Wisconsin State Fair to host exhibits and entertainment.
- The **KI Convention Center**, opened in 1984 and most recently renovated in 2008, is located east of I-41 in downtown Green Bay. The facility is owned by the City of Green Bay and operated by the Hyatt Regency Green Bay. The 241-room Hyatt Regency and the 135-room Hampton Inn & Suites are connected to the convention center, and an additional 40 rooms at the Village Inn combine to total 416 walkable hotel rooms between the three properties. The KI Convention Center has an exhibit hall with more than 17,000 square feet and three ballrooms with nearly 43,000 square feet of space with 15 divisions. The facility has 12 meeting rooms with a total of 11,551 square feet. The KI Convention Center is located in downtown Green Bay, within walking distance to the entertainment district and the new CityDeck.

## Western Wisconsin

Four facilities in the region are located in western Wisconsin. The facilities in the Wisconsin Dells area are less than 15 miles apart. Only the Ho-Chunk Convention Center has fewer walkable hotel rooms than the AEC in this area. The following section presents these facility profiles.

- The **Kalahari Resorts & Conventions**, which opened in 2000 and was renovated in 2010, is located north of I-90/94 in Wisconsin Dells. The 756-room resort hotel has a waterpark, indoor theme park, a cinema, a 27-hole golf course and a convention center. This is one of three Kalahari Resorts in the country. The convention center has two ballrooms with 37,760 square feet with 16 divisions and 19 meeting rooms with a total of more than 23,500 square feet.
- The **Ho-Chunk** is a casino in Baraboo owned by the Ho-Chunk Nation of Wisconsin. The facility has a 302-room hotel, RV park and a convention center. The convention center has nearly 26,600 square feet in two ballrooms, with a total of 13 divisions that can accommodate dinner for up to 600 or 90 trade show booths. There are five breakout rooms with a total of 3,316 square feet.
- The **Chula Vista Resort**, which opened in 1950 and was last renovated in 2007, is located west of Highway 13 on the Wisconsin River in the Wisconsin Dells. The resort has 624 guest rooms, spa, condos, indoor and outdoor water parks, a golf course, and a conference center. The conference center has the newly-opened Wisconsin Dells Center, which has more than 83,000



square feet of column-free space with 70-foot ceilings that can accommodate up to 450 trade show booths. The facility has two ballrooms with nearly 20,000 square feet with four divisions and nearly 25,000 square feet of meeting space in 20 breakout rooms. The Conference Center hosts a variety of conferences, meetings, conventions and trade shows. The Wisconsin Dells Center also hosts a variety of sporting events, including billiards, volleyball, basketball and football.

- The **La Crosse Center** opened in 1980 and is located south of I-90 in La Crosse on the Mississippi River. The multi-purpose arena can seat between 5,000 and 7,500 depending on the event type and can add 21,600 square feet of exhibition space to the nearly 50,000 square feet of exhibit space in the attached convention center. The facility has a 6,700-square foot ballroom and 19,397 square feet of meeting space in 16 breakout rooms. The La Crosse Center hosts trade shows, conventions, meetings and banquets, in addition to the sporting events, concerts, circuses, and ice shows that are held in the arena. The facility has 627 walkable hotel rooms among six hotels.

## Minnesota

Minnesota has two facilities in the Minneapolis-St. Paul area with more than 25,000 square feet in a single room. These two facilities are less than ten miles apart and each has more than 1,000 walkable hotel rooms. The following section presents these facility profiles.

- **The Minneapolis Convention Center**, opened in 1991, is located in downtown Minneapolis north of I-94. The facility is owned by the City of Minneapolis. The facility has five exhibit halls with a total of 475,200 square feet and a ballroom with 28,000 square feet with two divisions. The center has 87 meeting rooms with a total of nearly 75,000 square feet and an auditorium with 3,400 seats. The Minneapolis Convention Center hosts conventions, conferences, trade shows, expositions, meetings, and banquets for groups from 30 to 10,000. There are 2,458 walkable hotels rooms in seven hotels.
- **The Saint Paul RiverCentre**, opened in 1998 and most recently renovated in 2016, is located east of I-35 in downtown Saint Paul, adjacent to the Xcel Energy Center and the Roy Wilkins Arena. The facility is owned by the City of Saint Paul and operated by the Saint Paul Arena Company. Construction cost \$75 million and was funded by the City of Saint Paul. The RiverCentre has 64,341 square feet of exhibition space that can be used in combination with the 44,800 square feet of exhibition space at the adjacent Roy Wilkins Arena. The facility offers the Grand Ballroom with 27,111 square feet and more than 18,000 square feet of meeting space in 15 breakout rooms. The venue hosts trade shows, expositions, sporting events, conferences, galas and receptions. In the vicinity of the facility there are 1,077 walkable hotel rooms in five properties.

## Iowa

Iowa has two facilities in the Madison region, both of which are located in Des Moines, within five miles of each other. The following section presents these facility profiles.



- The **Iowa State Fairgrounds** was established in 1886 and is located east of I-235 on the eastern side of Des Moines. The fairgrounds are on 435 acres, with 275 acres used for the fair and 160 acres for camping. There are a total of 24 buildings on the campus. The facility has six buildings with exhibit space, which total nearly 275,000 square feet. The William C. Knapp Varied Industries Building offers 16,000 square feet of meeting space in seven breakout rooms. The Iowa State Fair is held for 11 days in August every year. During the rest of the year the facility is used to host car shows, expositions, flea markets, antique shows, concerts, trade shows and meetings.
- The **Iowa Events Center**, opened in 2005, is located south of I-235 in downtown Des Moines on the west side of the Des Moines River. The events complex consists of three venues: Wells Fargo Arena, Hy-Vee Hall, and the Community Choice Credit Union Convention Center. Hy-Vee Hall and the convention center are located in the same four-story building. Hy-Vee Hall has nearly 147,000 square feet of exhibition space with three divisions which is on level two. There are 35 meeting rooms with a total of 47,625 square feet of meeting space on levels one and three. The Grand Ballroom is located on the fourth floor and has 28,800 square feet with two divisions. Wells Fargo Arena is across Third Street and the arena floor can be used for an additional 44,972 square feet of exhibition space. The Iowa Events Center hosts conventions, trade shows, meetings, weddings, and sporting, social and entertainment events for groups up to 15,000. There are 465 walkable hotel rooms in three properties around the venue.

## Illinois

Illinois has the most facilities in this regional set with seven, six of which are in the greater Chicago area. The following section presents the profiles for the facilities in Illinois.

- The **Schaumburg Convention Center** is located just northwest of the connection of I-90 and I-290 in Schaumburg. The property is owned by the Village of Schaumburg and part of Marriott Hotels. The convention center offers 97,200 square feet of exhibit space in three halls that are nearly equal in size. The property has three ballrooms with a total of nearly 40,000 square feet. The largest is the Schaumburg Ballroom, with more than 27,500 square feet with ten divisions. This ballroom can accommodate 3,800 for a reception and 1,700 for seated banquets. The Utopia and Nirvana Ballrooms have nearly 12,400 square feet of combined space with seven divisions. The Schaumburg Convention Center can accommodate up to 459 10'x10' show booths and can seat 6,300. The facility hosts trade shows, conventions, sporting events, banquets and wedding receptions. There are an additional 257 walkable hotel rooms at two other properties.
- The **Donald E. Stephens Convention Center** is located in Rosemont, Illinois, within two miles of O'Hare International Airport, and features nearly 880,000 square feet of total function space. The Sky Bridge connects the convention center to several hotels, which contain some of the 2,813 walkable hotel rooms around the convention center and an 8,000-vehicle parking garage. The convention center offers 787,000 square feet of exhibit space in six exhibit halls, which can accommodate 100 to 3,566 booths for shows and has permanent concession stands. The facility also has 92,00 square feet of ballroom space with 50 divisions in the two levels of the Conference Center, which can host banquets and receptions for up to 3,000 guests. The facility hosts an array of public and private events ranging from expos to comic cons and consumer

shows. Notable events held annually at the facility include the Chicago RV & Boat Show, the International Gem & Jewelry Show, Anime Central, Anime Midwest and Wizard World Chicago.

- The **Hyatt Regency Chicago**, opened in 1974 and last renovated in 2007, is located near the Magnificent Mile in downtown Chicago and within walking distance of Navy Pier and Millennium Park. The full-service hotel has five restaurants. The facility has 70,000 square feet of exhibit space in two halls and its five ballrooms have more than 53,000 square feet with a total of 15 divisions that can seat 200 to 2,280 guests. There are 67 meeting rooms with more than 67,000 square feet. The Hyatt Regency Chicago hosts conventions, meetings, charity functions, social events and weddings. The hotel has 2,019 guest rooms with another 12,000 walkable hotel rooms in the surrounding area.
- The **Navy Pier Festival Hall** is located in downtown Chicago on Lake Michigan. Festival Hall has more than 200,000 square feet of total function space. Navy Pier celebrated its centennial in 2016 and the entire complex went through a \$115-million renovation that started in 2011. A 220-room hotel is planned to be built on the Pier on top of Festival Hall, which will help it attract more events. The venue offers more than 170,000 square feet of exhibit space in two halls. This space can accommodate up to 900 10'x10' booths, 600 in Hall A and 300 in Hall B, with a total capacity of more than 8,500 attendees in both halls. The facility also has the Aon Grand Ballroom with 18,150 square feet. There is nearly 13,000 square feet of breakout space in 35 meeting rooms surrounding the exhibit halls, which works well for trade shows. Festival Hall holds an array of trade shows, home and garden shows, boat shows, banquets, receptions, concerts and sporting events.
- **McCormick Place** opened in 1960 and is located north of I-55 near the shores of Lake Michigan in Chicago. This convention center is currently the largest in North America with more than 3.3 million square feet of total function space. The property is owned by McPier (a city-state agency) and managed by SMG. The complex consists of four interconnected buildings. The last building was added in 2007. The convention center has 11 exhibit halls with more than 2.5 million square feet of exhibit space. There are five ballrooms with a total of more than 200,000 square feet and 13 divisions. Throughout the complex there are 173 meeting rooms with approximately 600,000 square feet. McCormick Place hosts conventions, trade shows, sporting events, meetings, and has even hosted global events, including the 2012 NATO Summit with more than 60 world leaders and heads of state. The 1,258-room Hyatt regency is connected to the facility and the 1,200-room Marriott Marquis (as well as a new 10,000-seat arena) is scheduled to open in 2017 on the north side of the West Building.
- The **Tinley Park Convention Center** is located west of I-57 in Tinley Park approximately 30 miles south of downtown Chicago. The convention center was expanded in 2011 and now has 39,900 square feet of exhibit space in three exhibit halls. There are two ballrooms with a total of 23,660 square feet with 12 divisions and nine meeting rooms with more than 5,000 square feet. This convention center can accommodate up to 375 trade booths and hosts conventions, conferences, meetings, concerts, sporting events, banquets and weddings. The 202-room Holiday Inn Tinley Park is connected to the facility and another 312 walkable hotel rooms in four other properties.
- The **Peoria Civic Center** opened in 1982 and was last renovated in 2007, and is located southwest of I-74 in Peoria. The Civic Center is owned by the City of Peoria and operated by

SMG. The complex is comprised of the 11,330-seat Carver Arena, a 2,196-seat theater and the Convention Center. The four-story Convention Center has 108,674 square feet of exhibit space in four exhibit halls that are located on the first floor and can accommodate more than 7,200. The ballroom is located on the fourth floor and has 26,550 square feet with nine divisions that can accommodate up to 6,550 guests. There are 15 meeting rooms with more than 17,000 square feet located on the first and second floors. The Convention Center hosts trade shows, conventions, meetings, banquets and weddings. There are 944 walkable hotel rooms in five hotels surrounding the complex.

### *Implications*

Analysis of the competitive regional meetings and events market indicates that the AEC is currently competing against high-quality convention venues that offer the facilities, amenities, and hotel packages that meeting planners covet. Currently, the AEC does not feature the flexible ballroom facilities and walkable hotel rooms to match the offerings of the primary regional event venues. Moving forward, the development of supporting rooms and amenities is vital to competing on a regional level.

### **Market Feedback**

HSP reached out to local market experts, Convention and Visitors Bureau representatives, facility managers, hoteliers, and other Madison stakeholders to better understand the meetings and events market and the future meetings opportunity for the AEC. Key takeaways from those conversations include:

- The AEC's primary strengths include consumer-related shows and agriculture events. These events leverage the facility's existing strengths: the exhibit hall and the pavilions.
- There is significant opportunity for the AEC to improve midweek convention business. The existing detriments to the AEC include the lack of walkable hotel rooms, lack of a ballroom, and the lack of an adequate number of breakout rooms.
- Association business is not currently considering the AEC for events due to the existing facility conditions. The development of a carpeted, flexible, high-quality ballroom would alleviate many of those issues.
- Monona Terrace is simply not large enough to accommodate the demand for major event spaces in the Madison market. There is opportunity for a larger convention venue in the market to accommodate the pent-up demand.
- Due to the existing facilities and reputation of the AEC, the complex is primarily competing against the Iowa State Fairgrounds, not Monona Terrace. The target markets for the AEC and Monona currently have very little overlap.
- The AEC would benefit from increased exhibit space and additional breakout rooms. Many existing and prospective events would be able to fill additional space, but additional hotel development is necessary to accommodate greater numbers of attendees.
- The development of at least one additional walkable, branded hotel property is vital to attracting prospective groups.

- The lack of surrounding and walkable dining options and other activity hurts the attractiveness of the AEC. Event attendees are forced to travel downtown to experience unique dining and retail offerings. This presents a variety of timing and logistical issues to meeting planners and attendees.

## Major User Feedback

In addition to local stakeholders, HSP contacted representatives from the larger user groups of the Alliant Energy Center to get their insights on the existing facilities at the AEC, as well as their event needs moving forward. The following section profiles each event and provides the feedback received from representatives.

**The World Dairy Expo** is a five-day exposition at the AEC in early October each year. The event is designed for dairy producers and industry partners and showcases elite dairy cattle, cutting-edge research and modern technologies. Admission is \$12 per day or \$35 for a season pass. World Dairy Expo offers a daily shuttle to six downtown hotels from 6:30 AM to 6:30 PM. The following is feedback from representatives of the World Dairy Expo:

- The event currently occupies every part of the facility
- Additional parking is needed on campus
- A 50,000-square foot exhibit hall expansion is recommended
- The arena building, and its amenities, are inadequate and should be torn down
- Wi-Fi on the campus presents issues
- Overall, the campus is viewed as unappealing

**Quilt Expo** has been held at the Exhibition Hall for the last 12 years and presents nearly 400 vendor booths and a 500-quilt display in the hall. The event has grown to more than 20,000 attendees during the three-day event, which is a 20 percent increase from its start. Representatives from the Quilt Expo provided the following feedback:

- The event has maxed out the exhibit space and meeting rooms
- Currently have a large waiting list of interested vendors – expansion is needed
- The event would be able to fill additional exhibit and meeting room spaces immediately
- Dining options onsite are severely lacking
- There is a lack of easily accessible parking on campus

**The Professional Dairy Producers of Wisconsin** have held their business conference for the last 20 years at the AEC during March for two days and use the exhibition hall, meeting rooms and the pavilions. This event draws approximately 1,600 over the two-day event. The following is feedback from event organizers:

- Event has sold out the last two years
- There is a major need additional meeting rooms

- It is very challenging to hold their general session in the exhibit hall due to the industrial feel of the venue.
- A large ballroom would alleviate many issues with the facility

**Canoecopia**, is the world's largest consumer paddle event show, is held every March for three days at the exhibition hall and meeting rooms of the AEC. The trade show currently uses 100,000 square feet and has considered expanding its show into the arena. The following is feedback from Canoecopia representatives:

- Additional meeting rooms are needed for the event
- An additional onsite hotel is needed
- Primary deterrent is rental price – it can be twice as much as competitors
- Campus attractiveness is a major issue

**Bike O Rama** is a free, three-day bicycle show and sales event that uses the small New Holland Pavilion in March, over the same weekend as Canoecopia. The event moved from the old barns to the pavilions but is quickly outgrowing the small pavilion. This event has between 12,000 and 15,000 attendees. Representatives from Bike O Rama provided the following feedback:

- Heat in the pavilions is needed
- Arena building can be moved, but does need to be rebuilt on site
- Another onsite hotel would be very helpful in accommodating attendees

**The Madison RV & Camper Show** is the first weekend of February and is a three-day event, Friday through Sunday, that draws between 12,000 and 15,000 attendees per year. This event currently uses all the exhibition space plus the lobby and aprons. The show has a waiting list of interested vendors that would immediately be able to fill another 25,000 square feet of exhibition space, according to conversations. Representatives noted their show currently has a long waiting list, and are confident that their show could fill another 25,000 square feet of exhibit space.

**Brat Fest** is an annual festival in Madison for the last 30 years. The event has been at Willow Island the last 12 years and is held over the four-day Memorial Day Weekend. The festival is operated by a non-profit and run by volunteers. The festival offers free concerts on four stages. The headliners for 2017 will be George Clinton, Everclear, Madison County and Joe Diffie. In 2017 the event will add a kid's zone, foosball courts, a bike ride and the Kids Mustard Run. Attendance is estimated over 150,000 for the four-day event. Representatives from Brat Fest mentioned that access, visibility and connectivity are their primary issues with the grounds of the AEC. This event does not use any inside venues at the complex.

**The Midwest Horse Show** is held in April and uses Veterans Coliseum, the New Holland Pavilions, the Exhibition Hall, the grounds and Willow Island for camping. The event will celebrate its 38<sup>th</sup> annual event in 2017. This is one of the largest three-day horse shows in the country. The event has vendors, clinics, seminars, educational opportunities, horse shows and a rodeo. The event is run by the Wisconsin Horse Council, Inc. The following is feedback from Midwest Horse Show representatives:

- Parking is the largest challenge on the campus

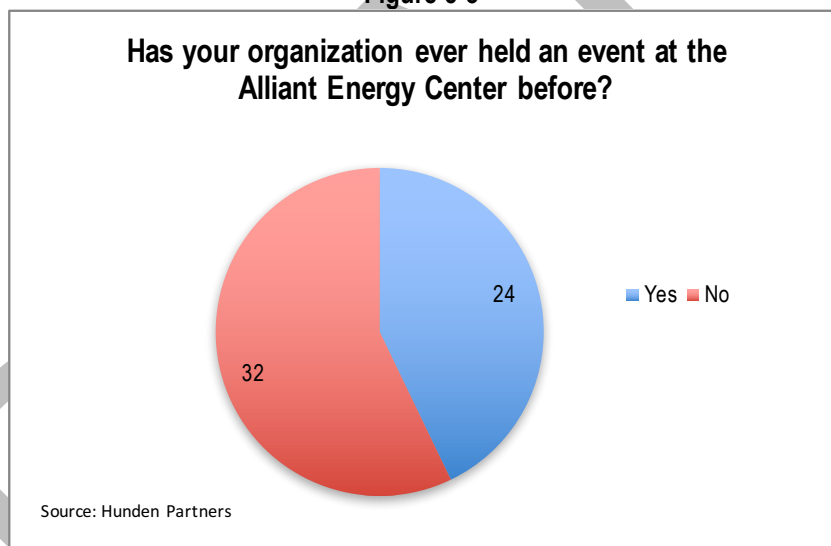
- The event has maxed out exhibit space and would absolutely fill more if it was available
- Veterans Coliseum is a major revenue source and is necessary for their show
- Event has not maxed out the New Holland Pavilions
- The campus needs more restaurants and hotels in the immediate area for attendees

### Meeting Planner Survey

In order to better understand the existing reputation and challenges of the AEC, as well as the future opportunity for attracting conventions, consumer shows, and other events, HSP conducted a meeting planner survey. The Greater Madison Convention and Visitors Bureau provided HSP with a list of nearly 600 meeting planner contacts that included past AEC clients, AEC lost business, and non-AEC business. While not completely scientific, this meeting planner feedback provides valuable insight on how the AEC is viewed as a destination.

The following chart shows a breakdown of respondents that have previously held an event at the Alliant Energy Center.

Figure 5-3

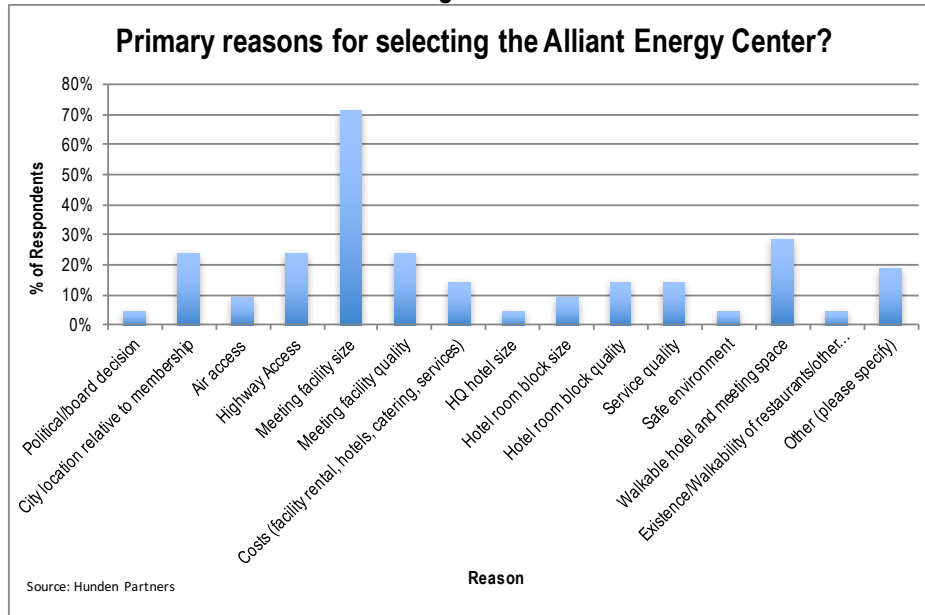


HSP received 56 responses to the meeting planner survey. Nearly 60 percent of respondents have not held an event at the AEC.

The following figure shows a breakdown of reasons respondents selected the AEC as an event destination.



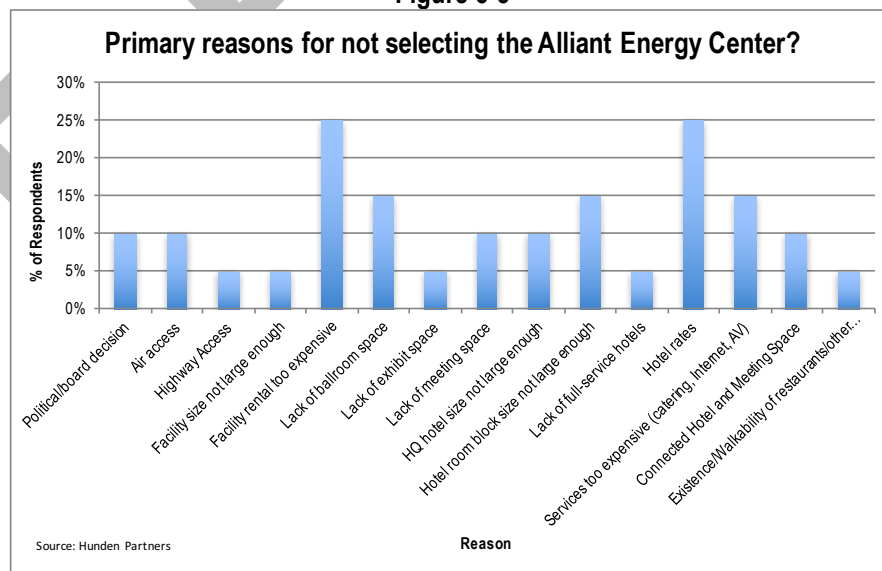
Figure 5-4



The primary reason the AEC is selected by the respondents is the size of the facility. Currently the size of the exhibit hall is the primary competitive advantage that AEC offers. As has been mentioned throughout this chapter, the AEC will need to expand its supporting spaces, including ballrooms and meeting rooms, to complement the existing and future exhibit space. The next most popular response was for the walkable hotel rooms provided by the Clarion Suites.

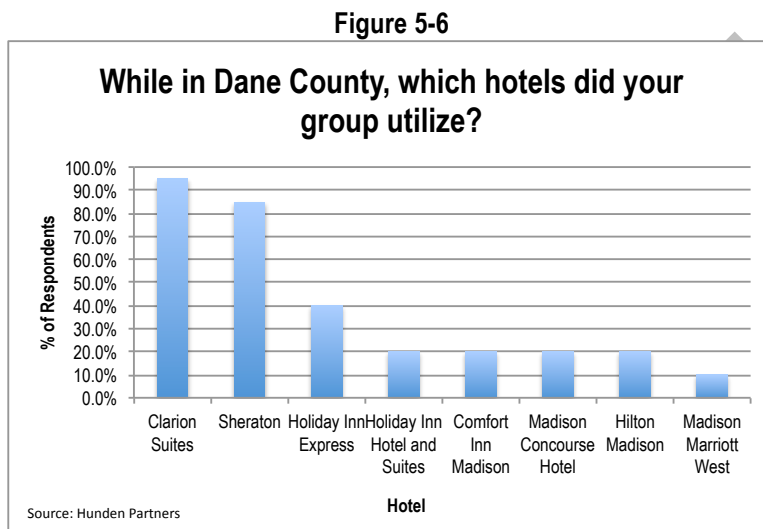
The following figure lists the reasons why the AEC was not selected as an event destination.

Figure 5-5



The rates at the AEC and the area hotels were the main reasons the respondents' groups did not choose the facility. Many of these organizations are rate-sensitive, and the existing prices at AEC present challenges. The other top concerns for the respondents were the lack of ballroom space and the size of the hotel room blocks.

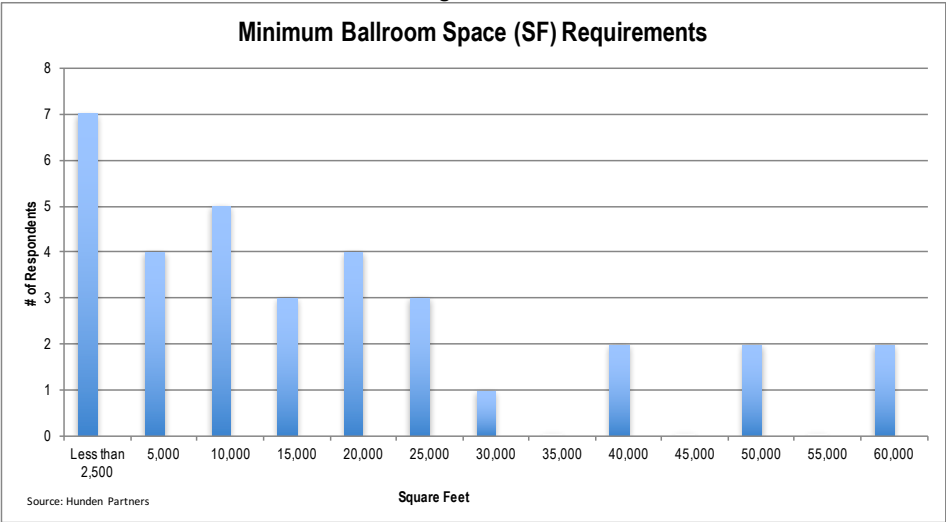
The following figure shows which hotels the respondents' groups use when in Dane County.



The Clarion Suites and Sheraton are the hotels most used by the respondents, which is expected since they are two of the closest to the complex. The new Holiday Express was the third most popular among the respondents. While downtown hotels are used for events on some occasions, meeting planners and visitors appreciate walkability and ease of access.

The following figure depicts the ballroom space needs of respondents.

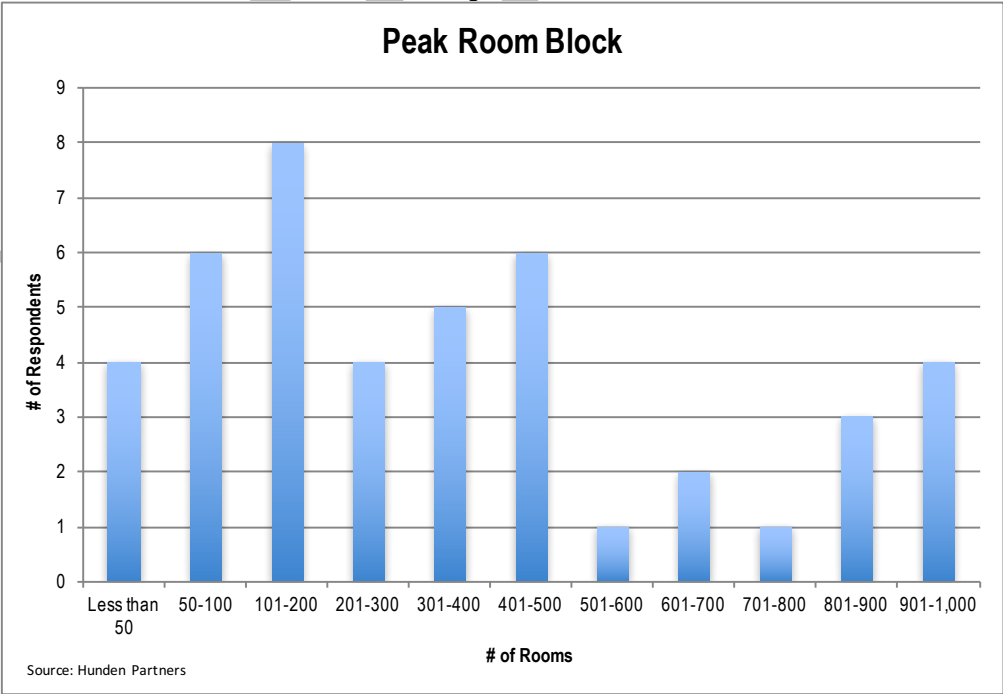
Figure 5-7



While many have a relatively small need for ballroom space, the AEC currently does not offer any true ballroom space. Adding a 30,000-square foot ballroom would be ideal for the complex, although even a 10,000-square foot ballroom would be a strong first phase. Most convention centers have two ballrooms, so building a 25,000-square foot space could be part of the second phase.

The following chart shows the peak room block needed by meeting planners.

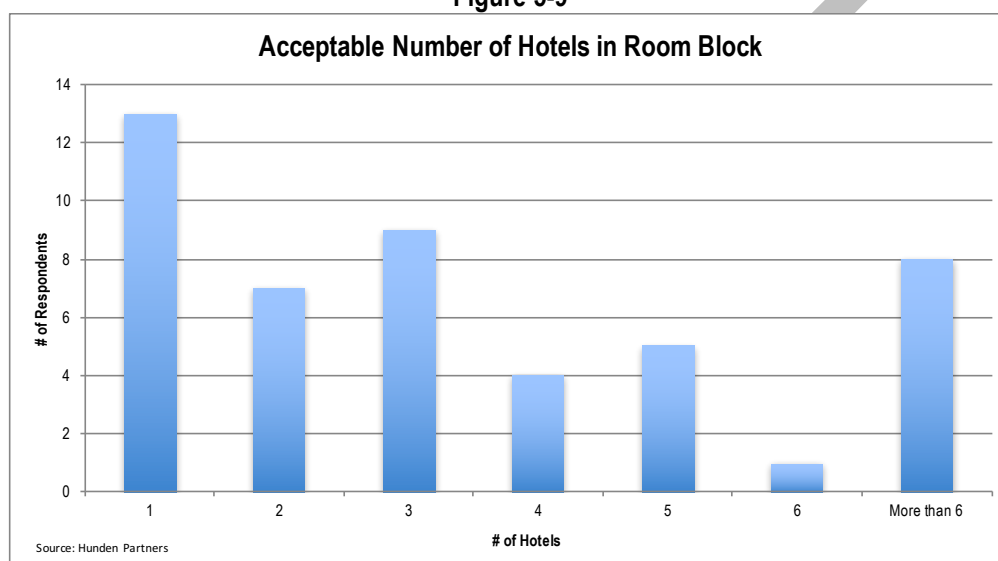
Figure 5-8



The majority of respondents indicated that their events need peak room blocks of approximately 100 to 200 rooms, although 34 percent of respondents indicated that their event has a total room requirement of 201 to 500 rooms. 25 percent of respondents indicated a need of more than 500 rooms. Currently it is not possible for meeting planners to put together large, high-quality room blocks without using downtown hotels, which are expensive and not walkable, and therefore require transportation.

The following chart shows the acceptable number of hotels that can be used for room blocks.

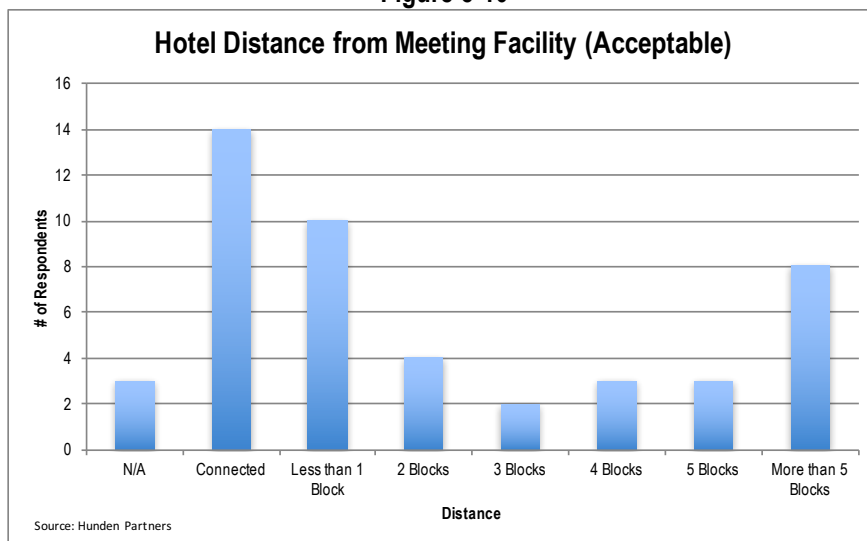
Figure 5-9



Many respondents preferred to have the hotel room block in one property, but approximately 30 percent found two to three hotels as acceptable. Only 17 percent of the respondents responded that six or more hotels are acceptable. As shown, many events prefer the entire room block in three or fewer hotels (many in just one), which is currently not possible for most events at the AEC.

The following chart shows the respondents' acceptable distance between the hotel and meeting facility.

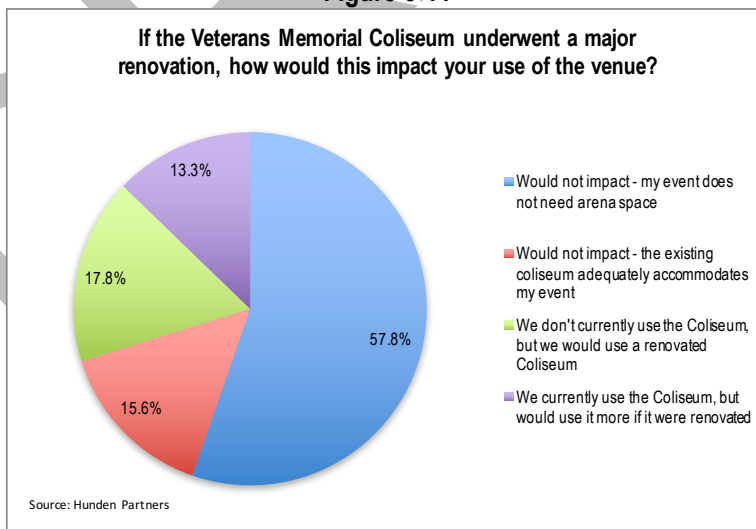
Figure 5-10



Sixty-five percent of respondents stated that the maximum distance that they prefer to stay from an event facility is less than one block. As mentioned, the presence of adjacent and walkable hotel options is vital to the success of any event facility. While the Clarion Suites is connected to the exhibition space, it is small and not of convention quality. The few nearby hotels do help, but the current situation for hotels near the AEC is not the ideal set up.

The following figure displays the results of how a major renovation at the Veterans Memorial Coliseum would impact the respondents' groups usage of the venue.

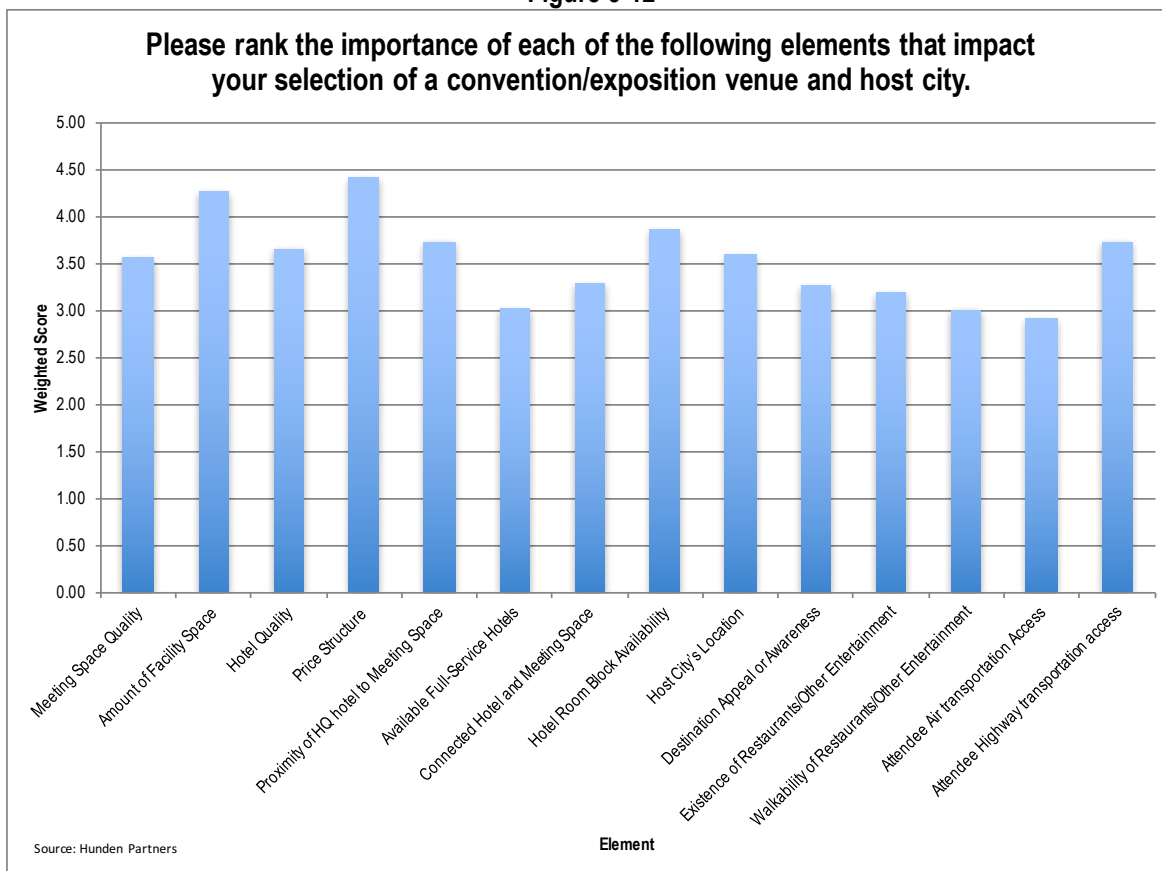
Figure 5-11



Nearly 30 percent of the events would use the Veterans Memorial Coliseum more if the venue had a major renovation.

The following chart ranks the importance of certain elements in regards to an event destination.

Figure 5-12



The three primary factors for the respondents were cost, size of the facility and size of the hotels for room blocks. Also important were the quality of the meeting facilities and hotels, distance of the headquarters hotel to the meeting facility, location of the host city and access to highways.

In addition to answering specific survey questions, state associations and meeting planners provided other feedback as it relates to the Alliant Energy Center as an event destination. The comments and feedback from meeting planners are summarized below:

- The exhibit hall can feel industrial. The staff does what it can to improve aesthetics and feel, but a ballroom would be ideal.
- There are not enough hotel rooms in one location.
- The existing rules of the current food vendor seems to hamper the experience and the costs for catering and food/beverage can seem high.



- The rental fees and constant price increases were listed as a deterrent.

## Conclusions

Analysis of the local and regional meetings and event market indicates a significant opportunity for the future of the Alliant Energy Center. Currently, the local market does not offer the size and quality of space necessary to accommodate larger groups that want to be in Madison. Monona Terrace functions primarily as a large conference venue, and the AEC does not offer the supporting ballroom, breakout rooms, and hotel rooms to offer an attractive package to convention and event planners. Comparisons to competitive regional venues indicate that the AEC is lacking in both ballroom space and walkable hotel rooms, which puts the complex at a competitive disadvantage for events that require these offerings. Conversations and feedback from local market experts, facility managers, major complex users, and meeting planners indicate that the Alliant Energy Center, with additional expansion and improvements, could accommodate the pent-up demand for major event space in the Madison market. While any new development will require investment, market analysis suggests that there is real opportunity for AEC to become a stronger destination for conventions, consumer shows, conferences, and a variety of other events.

DRAFT

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## EQUESTRIAN AND LIVESTOCK INDUSTRY ANALYSIS & TRENDS

This chapter provides an overview of the equine and livestock industries and the recent trends in facility development. Demographic data and other information regarding industry participants are often outdated, difficult to come by or even unavailable. The added complication that these industries are highly segmented by animal breeds and/or activity disciplines, makes it difficult to locate or produce industrywide data. Industry associations pay for economic studies and livestock inventories to be taken by research divisions at colleges and universities or by professional consultants, to collect data and distill understanding of the industry. However, these studies are expensive for these non-profit organizations, so there has been a decade or longer between studies. In cases that recent studies are unavailable, HSP gathered anecdotal responses from industry stakeholders to understand current trends as effectively as possible.

### Equine Industry

The competitive horse show industry is comprised of judged exhibitions of horses and ponies. Horse breeds, disciplines and classes organize many competitions, from local to international levels. Most shows run from one to three days or longer depending whether the event is an all-breed, local, national, international or a specific discipline. The United States Equestrian Federation (USEF) is the American national body for equestrian sport and it also organizes and sponsors horse shows for many horse breeds that wish to utilize the drug testing, judge certification and standardized rulemaking process of the USEF. In addition, it sanctions events in disciplines and lower-level competitive areas that are not internationally recognized.

There are other US organizations that organize competitions for specific breeds and disciplines. Horse shows in the U.S. vary and some are restricted to a particular breed, while others are "open" or "all-breed" horse shows, which offer both classes open to all breeds as well as breed-specific classes for many different breeds. In the last few decades, American "open" horse shows have tended to become specialized by discipline into hunter-jumper or "sport horse" shows, dressage shows, and shows featuring English or Western riding events.

Classes may be broken down by the age of horse or rider, by the number of first place ribbons earned by horse or rider, and by size or breed of horse (or pony). In addition, there is a near-infinite range of regional or specialty classes that may be offered. Various types of costume classes are frequently offered. Sidesaddle classes are common. A "leadline" or "walk-trot" division may be offered for small children or very inexperienced riders. Assorted "freestyle" classes, where a horse and rider perform a routine set to music, are also popular.

The following table outlines a list of several equine associations.

**Table 6-1**

Equine and Rodeo Associations			
Association	Location	Association	Location
American Association of Equine Practitioners	Lexington, KY	National Cutting Horse Association	Fort Worth, TX
American Buckskin Registry Association	Redding, CA	National Foundation Quarter Horse Association	Joseph, OR
American Farriers Association	Lexington, KY	National Reined Cowhorse Association	Pilot Point, TX
American Indian Horse Association	Lockhart, TX	National Reining Horse Association	Oklahoma City, OK
American Miniature Horse Association	Alvarado, TX	National Snaffle Bit Association	Gurnee, IL
American Quarter Horse Association	Amarillo, TX	Palomino Horse Association	Nelson, MO
American Ranch Horse Association	Nancy, KY	Palomino Horse Breeders of America	Tulsa, OK
Appaloosa Horse Club	Moscow, ID	Paso Fino Horse Association	Lexington, KY
Appaloosa Pleasure Horse Association	McDavid, FL	Professional Assoc of Therapeutic Horsemanship Inter.	Denver, CO
Arabian Horse Association	Aurora, CO	Professional Bull Riders	Pueblo, CO
Barrel Futurities of America	Vian, OK	Professional Rodeo Cowboys Association	Colorado Springs, CO
Certified Horsemanship Association	Lexington, KY	Ranch Horse Association of America	Abilene, TX
Cowboy Mounted Shooting Association	Columbia, TN	Rocky Mountain Horse Association	Lexington, KY
International Buckskin Horse Association	Shelby, TN	United States Dressage Federation	Lexington, KY
National Barrel Horse Association	Augusta, GA	Women's Professional Rodeo Association	Colorado Springs, CO
National Collegiate Equestrian Association	Athens, GA	World Conformation Horse Association	Guthrie, OK

Source: Hunden Strategic Partners

Kentucky, Colorado and Texas are the home locations for the most state associations listed. Many of these organizations have events across the country.

The following discussion highlights a few of the larger organizations.

### *National Cutting Horse Association (NCHA)*

In addition to the 2,200-plus NCHA-approved shows held annually across North America, the NCHA produces six shows each year. Three are major limited-age events held in Fort Worth; two are National Championships for weekend cutters, and one is the World Finals for weekend cutters.

Fort Worth is home to three annual NCHA limited-age events, also known as the Triple Crown of Cutting. The first jewel is the NCHA Futurity, which is for three-year-old cutting horses that have never been shown before in competition. The second and third jewels are the NCHA Super Stakes and NCHA Summer Cutting Spectacular. The NCHA Super Stakes portion is for horses four years of age, while the Super Stakes Classic portion is for horses aged five and six.

The NCHA Summer Cutting Spectacular is the third jewel in the NCHA Triple Crown. This show has Derby classes for four-year-old horses, and Classic/Challenge classes for five and six-year-old horses. For the weekend cutters, the NCHA also produces three annual events: the Eastern National Championships, the Western National Championships and the World Finals. The Eastern and Western National Championships are sister events held in Jackson, Mississippi, and different locations in the Western region including Reno and Denver, respectively. In order to qualify, the participants must have entered and rode to the herd at an NCHA-produced event in the class in which they are competing. The Eastern National Championships are held in March, while the Western National Championships are held in late April through early May.

The sixth NCHA-produced show is the NCHA World Finals, which brings the Top 15 in each of the ten NCHA standard classes together in a final year-end competition. The World Finals are held in conjunction with the NCHA Futurity in Fort Worth, Texas.

*United States Dressage Federation (USDF)*

Competitive dressage involves nine progressive levels incorporating multiple tests within each level. Special tests are also written for musical freestyle, sport horse breeding and performances incorporating multiple horses and riders. The USDF, USEF and the International Equestrian Foundation (IEF) revise the tests every four years. Competition occurs in a regulation-size arena with specific apparel and equipment regulated by the USEF. Judges are licensed by the USEF and the FEI and are assisted by scribes who write down the judge’s scores and comments during the test.

Success in dressage is dependent on the rider’s position and ability. National-level dressage competition is governed by the USEF, which creates the five levels of “national” tests: Training Level, First Level, Second Level, Third Level and Fourth Level. International-level tests can also be ridden at national-level competitions. Some of the notable Dressage events include:

- US Dressage Finals: Kentucky Horse Park - Lexington, KY
- North American Juniors and Young Riders Dressage Championships – Lexington, KY

The following table shows the locations for the USDF Regional Championships from 2014 to 2016.

**Table 6-2**

<b>US Dressage Regional Championship Locations</b>			
<b>Region</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Region 1	Williamston, NC	Lexington, VA	Williamston, NC
Region 2	Lexington, KY	Grass Lake, MI	Wayne, IL
Region 3	W. Palm Beach, FL	Conyers, GA	Conyers, GA
Region 4	Mason City, IA	Lake Saint Louis, MO	Mason City, IA
Region 5	Parker, CO	Scottsdale, AZ	Estes Park, CO
Region 6	Nampa, ID	Sherwood, OR	Auburn, WA
Region 7	Burbank, CA	Rancho Murieta, CA	Burbank, CA
Region 8	Saugerties, NY	Saugerties, NY	Saugerties, NY
Region 9	Katy, TX	Katy, TX	Katy, TX

Source: United States Dressage Federation, Hunden Strategic Partners

The TCEC would fall under Region 9 for the USDF Regional Championships. The Great Southwest Equestrian Center in Katy, TX has been a mainstay location for the Region 9 Championships.

The following table shows the locations by year for the USDF Breeders’ Championship Series Finals.

**Table 6-3**

<b>USDF Breeders Championship Series Finals Locations</b>				
<b>Series</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
East Coast	Devon, PA	Devon, PA	Devon, PA	Devon, PA
Mid-States	Cleveland, OH	Bucyrus, KS	Bonner Springs, KS	--
New England	Saugerties, NY	Saugerties, NY	Saugerties, NY	Saugerties, NY
North Central	Camp Lake, WI	Batavia, OH	Batavia, OH	Batavia, OH
Northwest	Auburn, WA	Auburn, WA	Auburn, WA	Auburn, WA
Rocky Mountain	Parker, CO	Parker, CO	Parker, CO	Parker, CO
Southeast	Newberry, FL	Cottondale, FL	Cottondale, FL	Cottondale, FL
Southern	Manor, TX	San Antonio, TX	Katy, TX	Katy, TX
West Central	Mason City, IA	Mason City, IA	--	--
West Coast	Rancho Murieta, CA	Burbank, CA	Rancho Murieta, CA	Burbank, CA

Source: United States Dressage Federation, Hunden Strategic Partners

The Great Southwest Equestrian Center has established itself as a premier equestrian facility in the south and southwest regions in the country. The facility has held the Breeders' Championship Finals the last few years.

### *American Quarter Horse Association (AQHA)*

People show American Quarter Horses in a variety of competitive events, including, but not limited to, halter classes, western-style events such as Western Pleasure, Reining, and cutting, English riding events in the hunt seat style, such as Hunter Under Saddle, working hunter, and hunter hack. Driving classes are available at some shows, as are some timed games. There are also equitation and halter showmanship classes for non-pro exhibitors. The annual AQHA World Show, the largest AQHA-sponsored event, is held every November in Oklahoma City.

### **Equine Industry Studies and Surveys**

Proponents and constituents of the equine industry cooperate in conducting studies and surveys of the industry in order to better understand the size, status and trends therein, to educate the public, lawmakers and regulators about the industry's impact on the economy, and to identify and address issues affecting horses, owners and other industry participants. This section will cite multiple studies and surveys, but it is important to note that each study and survey has a different methodology of estimating nationwide horse populations and industry participant counts.

A number of different organizations have conducted studies to take an inventory of the horse industry in the United States; however, the most recent national study was conducted in 2005 by the American Horse Council. American Horse Publications also conducts surveys of industry participants, though the surveys are meant to qualify trends and issues affecting the industry, not quantify the size of it.



### Horse Population Estimates

Due to various methodologies and timelines, horse population estimates in the United States vary greatly. Three national groups have been making estimates as part of their national studies the early 1990s.

The following table shows a brief timeline and corresponding horse population estimates.

**Table 6-4**

US Equine Industry National Studies		
Organization	Year	Horse Population
American Horse Council	2005	9,222,847
National Agricultural Statistics Service	2002	3,750,000
American Veterinary Medical Association	2001	5,100,000
National Agricultural Statistics Service	1997	3,150,000
American Horse Council	1996	6,900,000
American Veterinary Medical Association	1996	4,000,000
National Agricultural Statistics Service	1992	2,120,000

Source: AHC, NASS, AVMA

The equine community has not come to a consensus on the horse population within the United States as far back as 1992. Methodologies and sample sizes for extrapolation vary greatly between the American Horse Council, the National Agricultural Statistics Service and the American Veterinary Medical Association. Estimates have ranged from slightly more than 2.1 million horses to more than 9.2 million. The one trend that may be discerned from these disparate figures is that all groups have estimated significant increases in horse populations.

The Wisconsin horse population was most recently conducted as part of the 2004 national American Horse Council study. The statewide horse population was estimated at 325,000. This figure has likely changed in the past 13 years, although there is no available data to confirm by how much or if the population has changed at all. According to the 2012 USDA Census of Agriculture, Dane County had 4,822 horses and ponies at the time.

The forthcoming American Horse Council 2017 study should provide a greatly needed update to the findings of these seven prior studies. As part of the study, the Wisconsin Horse Council is paying for a breakout study that will provide specific statistics about the horse population and industry participants.

### Primary Use of Horses

Two national equine industry groups have also studied the use of horses in the United States. The American Horse Council and United States Department of Agriculture have each conducted a study, in 2003 and 1998, respectively.

The following figures illustrate the primary uses for horses in the United States. Categories vary slightly between the two charts.

Figure 6-1

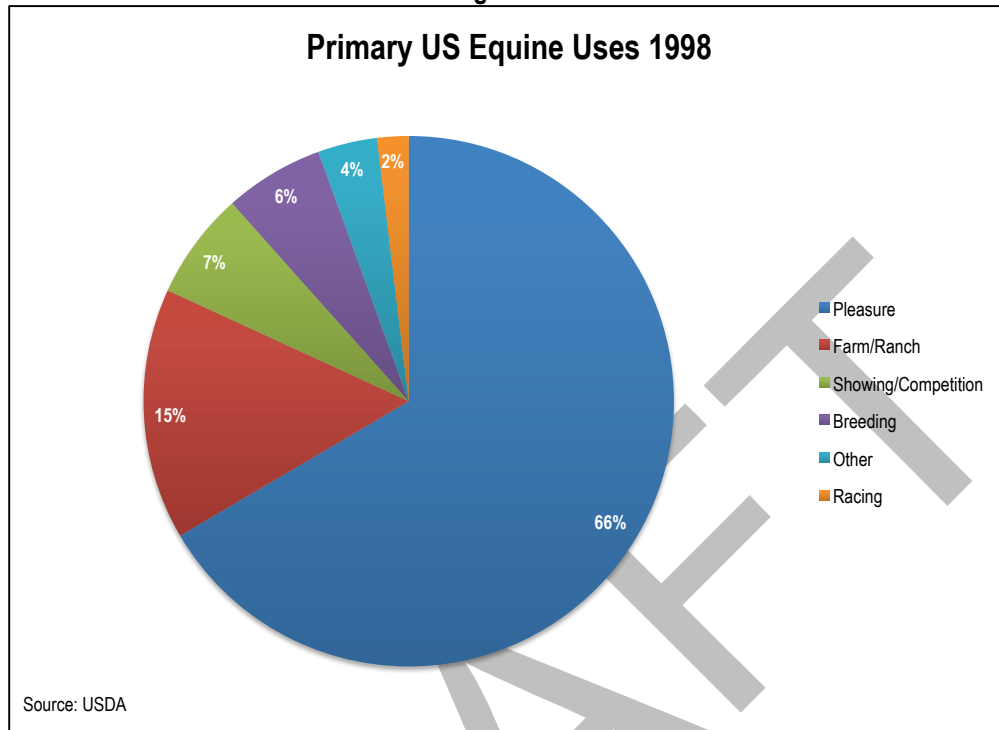
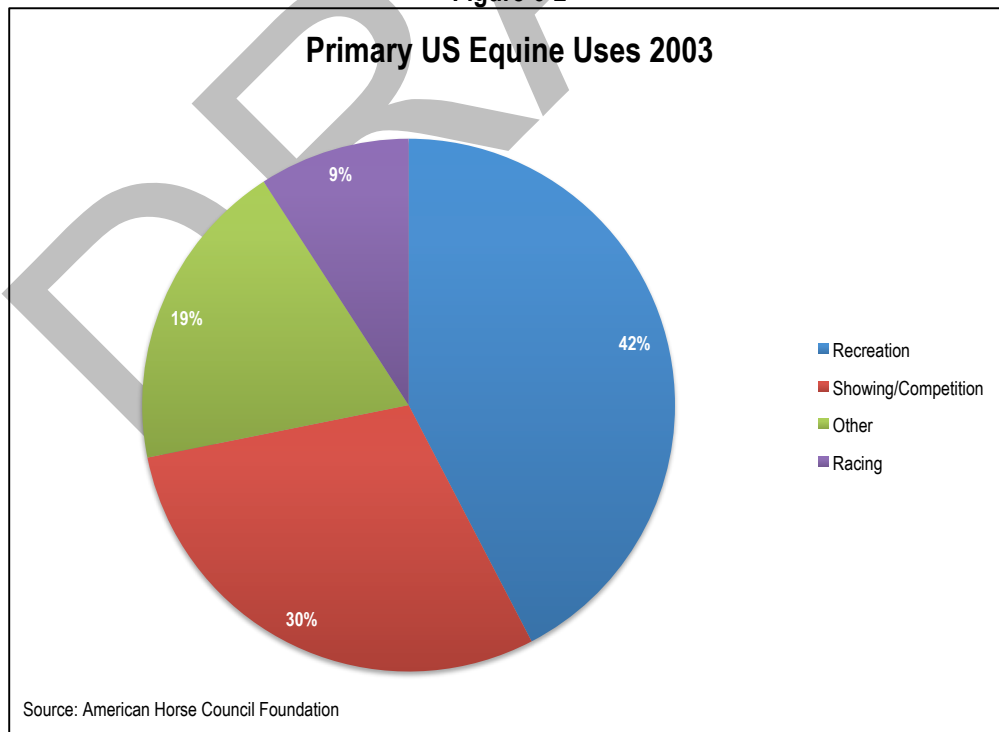


Figure 6-2

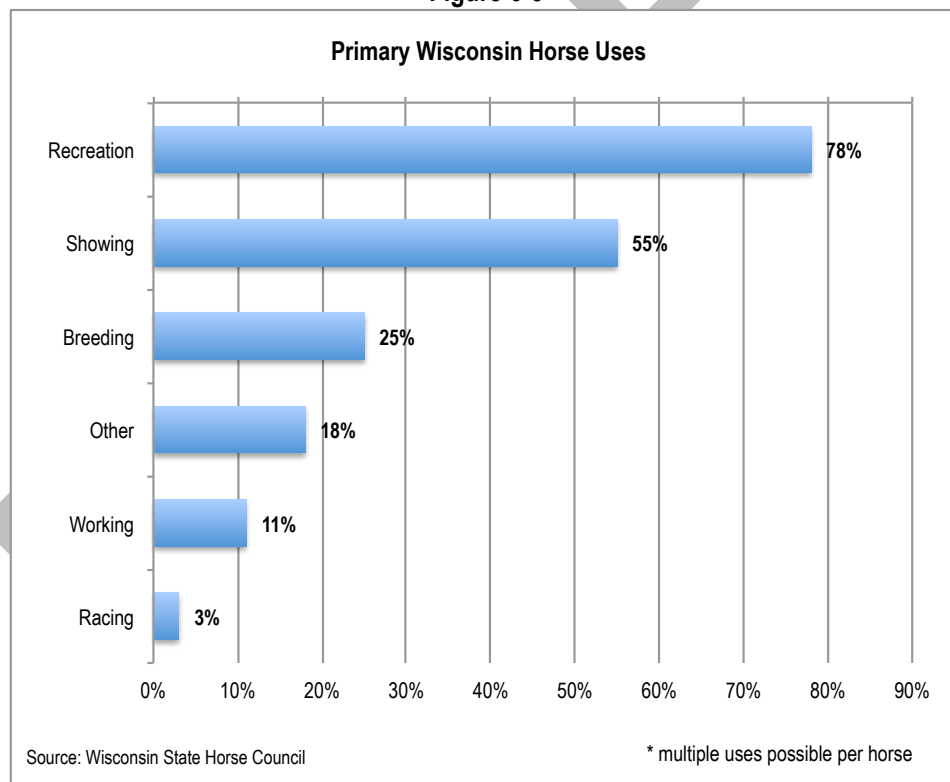


While the previous charts have slightly different categories for the primary uses for horses in the United States, they are useful in determining trends. Recreation or pleasure uses are the most common, accounting for 42 percent to 68 percent of the population. This category has a loose description, which includes any horse that is kept by its owner without particular purpose beyond companionship, riding or amateur training activities. Farming/ranching in 1998 included 15 percent of horses, which was not specifically identified in 2003. According to these charts, far more respondents used their horses for racing in 2003 than 1998 (an increase of 350 percent). The use of horses for showing and competitions also made a meteoric rise in the period, increasing more than 300 percent to nearly one-third of all horses. In the 2003 chart, Other accounts for farm and ranch work, rodeo, carriage horses, polo, police work, informal competitions and other activities.

Overall, the percentage of horses involved in competitive shows or races increased from nine percent to 39 percent. Pleasure horses seem to have been more frequently taken to shows and other competitions in 2003, explaining the large decrease in solely recreational horses.

The following figure shows the primary uses for horses in Wisconsin (multiple responses were allowed for the survey).

Figure 6-3



In Wisconsin, horse owners use nearly four out of five horses for recreation. This statistic reiterates the sentiment of the national use charts and furthers the idea that nearly all horses are used for recreation in one manner or another. Showing involves a majority (55 percent) of horses, which supports a trend that more owners are involving their horses in competitive sport. One in four horses are used for breeding purposes in

Wisconsin. This is far higher than the one in eleven horses used for breeding in the 1998 national statistics from the USDA.

### *American Horse Council*

The American Horse Council (AHC) is a non-profit trade organization based in Washington, DC that represents the horse industry on a national level. AHC was originally organized in 1969 and founded in 1991. The AHC currently has more than 130 equine industry members consisting mostly of state horse councils, breed organizations, horse breeders, veterinarians, horse owners, rodeos, racetracks, horse industry businesses and individuals. Since the Council's foundation, it has conducted two national studies of the equine industry, in 1996 and 2005. AHC is also in the process of conducting a third national study for 2017, though results have yet to be published. The study conducted in 2005 is the most recent to be completed of its kind by any national equine industry group. Some of the key findings of the study are below.

- The nationwide horse population is 9.2 million.
- A total of 4.6 million participants are involved in the industry, including, owners, breeders, groomers, volunteers and others involved in every aspect from transportation to event judging.
- Over 70 percent of horse owners live in communities with a population less than 50,000.
- Approximately 34 percent of horse owners have a household income less than \$50,000 and 28 percent have an annual income of more than \$100,000.
- The industry holds more than 14,000 sanctioned events across the United States annually, as well as many more unsanctioned events.

### *American Horse Publications*

The American Horse Publications (AHP), which is not related to the American Horse Council, routinely conducts a survey of horse owners to gauge participation trends and management practices in the U.S. equine industry, to identify critical issues facing the equine industry as perceived by those who own or manage horses, and to better understand issues pertaining to horse health and nutrition. The survey included responses from more than 10,600 horse owners. Based on the results, the equine industry has found stability and shows positive signs of growth, especially among young adult horse owners and event participants. The following items highlight the key takeaways of the 2015 (most recent) survey conducted by AHP.

- For 2016, 88.6 percent of respondents expected to own or manage the same number of horses or more horses.
- In 2015, 93 percent of respondents plan to enter the same or more competitions than last year, and 95.1 percent expect to compete in the same or more events in 2016.
- 70.6 percent of respondents own or manage the same number of horses they did last year, suggesting a continued increase in overall industry stability. In addition, 20.7 percent of respondents expect to own or manage more horses in 2016, while 11.4 percent expect to own fewer horses.
- Looking at horse ownership by age, the future appears bright for the equine industry, with 22.1 percent of respondents ages 18 to 24 reporting that they owned or managed more horses in 2015 than they did in 2014, while only 7.6 percent of respondents age 65 or over reported owning or

managing more horses. This pattern is consistent with expectations of horse ownership in 2016, as 36.2 percent of respondents ages 18 to 24 said they expect to own or manage more horses than they did in 2015.

- There appears to be stability in the number of competitions respondents expect to attend. Similar to the 2012 survey, most of the increase in competitions is among younger age groups.

The economic impact of the equine industry varies from state to state. Texas has the most horses and pony farms, as well as the most horses and ponies. However, Kentucky has the largest total sales and highest market value of equine products.

## **Livestock Industry**

HSP defines the livestock industry as a catchall category for cattle, swine, sheep and goats, fowl and other animals raised and used primarily for breeding and/or food production purposes. Other animals, such as alpacas, are more recreational and used as companion animals, but are still included in the overall livestock industry. While the livestock industry has many similar needs and activities as the equestrian industry, it is even more segmented and decentralized in nature. This increases the difficulty of finding widespread, meaningful and current data on this combined industry and its participants.

HSP has reached out to industry associations to gain an understanding of relevant trends.

### *Bovine Industry*

The bovine industry is the most prominent of the livestock segments in the United States based on production levels and the prominence of various bovine breeds and related events hosted across the country.

Most bovine industry associations host four essential events throughout the year, including a junior nationals show, annual convention, annual conference and a breeders' futurity event, with others potentially hosted as well. The junior nationals and breeders' futurity events require stalling space for many cattle, as the cattle are the focus of the events. The annual convention also includes cattle, and although it is not strictly a show or event centered on the animals, it does include clinics and demonstrations. The annual conference is typically solely for industry participants, not the animals.

This structure of events limits the amount of growth in this industry from an event hosting perspective. Currently, the AEC has hosted or is scheduled to host national level junior nationals shows. These are the largest events for associations that significantly involve cattle. To this point, groups hosting their junior nationals there are not considering most other events for the AEC.

Due to the regulation that comes with the food product status of beef and dairy cattle, their population is well documented by the USDA. As of January 1, 2016, the United States had 92 million head of cattle, which represents a three-percent increase from 2015. According to the USDA 2012 Agricultural Census, 3.5 million cattle lived in Wisconsin at the time. Dane County specifically had nearly 135,000 cattle.

An interview with the Executive Director of the Wisconsin Cattlemen's Association (WCA) revealed the following trends for cattle production in Wisconsin.

- The beef industry in Wisconsin is static currently.
- Individual breed associations have a larger constituency than the WCA, supporting fragmentation of the industry.
- The number of full-time, “serious” beef producers are declining, while recreational and part-time producers are on the rise.
- Another concern is the age of current producers and that young people are not choosing to join the industry.
- Increased ethanol production due to government subsidy is causing attrition of pastureland and cattle population.
- A 2012 economic impact study identified:
  - 14,000 beef producers in Wisconsin.
  - 20 cattle per herd, which is half the national average herd size of 40.
  - Most cattle production is located along banks of Mississippi River.
  - The highest area of growth is in central Wisconsin.

Based on the current stasis of the bovine industry and limited growth in the number of events available from industry associations, the AEC’s best course of action to expand into the bovine industry is to capture more of the rotating junior nationals, adjust marketing and/or facilities to attract other annual events from these groups and capture statewide and local bovine events.

### **Recent and Planned Developments**

The following table summarizes a sample of the equestrian and fairground projects that are planned, in development or under construction. Other projects have been built or are in various stages of planning, but this table lists a representative set of facilities that will be new, renovated and/or expanded. This table will begin to demonstrate the size and type of facilities that are being built, as well as the markets that are expected to support them.



**Table 6-5**

2016 Equestrian Centers, Fair and Festival Grounds Construction						
Facility	Location	Owner	Size (SF)	Cost (millions)	Opening	
Bear Creek Riding Stables	Gatos, CA	MidPeninsula Preservation District	24,246	\$7.6	--	
CA Equestrian Park & Event Center	Petaluma, CA	CEPEC	1,000 acres	\$200.0	2023	
National Western Center	Denver, CO	National Western Stock Show & Rodeo	1,800,000	\$852.0	Phase I in 2017	
Churchill Downs Renovations	Louisville, KY	Churchill Downs Inc	Various	--	--	
Prince Georges Equestrian Center	New Marlboro, MD	Maryland Department of Agriculture	16,140	\$41.0	--	
Canterbury Park Racecourse	Shakopee, MN	Canterbury Park Holdings	Various	--	--	
Mississippi Coliseum & Trade Mart	Jackson, MS	State of Mississippi	250,000	\$50.0	--	
New York State Fair	Syracuse, NY	New York State Fair	Various	\$60.0	2016	
Grady County Fairgrounds Indoor Arena	Chickasha, OK	Grady County, OK	87,000	\$13.0	2016	
Oklahoma State Fair Expo Hall	Oklahoma City, OK	Oklahoma State Fair Park	300,000	\$44.0	2016	
Agricenter International Show Place Arena	Memphis, TN	Agricenter International	94,000	\$17.5	--	
Sam Houston State Uni. Equine Campus & Event Center	Huntsville, TX	City of Rock Rock	30,440	\$4.5	2016	
Canadian National Exhibition	Ontario, CA	Canadian National Exhibition	--	--	--	

Source: Venues Today, Hunden Strategic Partners

As the table shows, markets of various sizes have built and renovated equestrian, fairground and event facilities to accommodate equestrian and rodeo events. The developments tend to occur in states that predominately represent the Western culture such as Texas, Oklahoma, Kentucky and Colorado. The projects listed range in cost from \$4.5 million to more than \$850 million.

### Implications

Overall, the equestrian industry is doing well and growing. While relevant and current data regarding the equestrian industry is difficult to gather, the trend of the past 20 years points to growth in the number of horses people are keeping. The recent American Horse Publications survey of horse owners also indicated many owners are expecting to keep the same number or more horses in the near future. The same sentiment was conveyed regarding the number of competitions owners planned to enter in the coming years, as well. The comparison of primary horse uses in 1998 and 2003 support that trend with a clear and significant increase in the popularity of entering horses into shows and competitions.

The livestock industry with its close relation to the nation's population has continued steady growth in the population of animals. Gaining an understanding of the trends in livestock events is more difficult due to a lack of national groups focused on these events. National groups in the livestock industry focus on the production and sale of meat. Still, the reality of how annual events are structured in the bovine industry indicates a limited potential for growth. The AEC has the potential to capture more of the existing events, but creation of new events by bovine industry groups is unlikely. Wisconsin production of beef is currently stagnant with concerning trends regarding the age of industry participants and a perceived lack of interest by younger age groups. If these trends prove true, a future decline in the Wisconsin beef industry for both production and events could be imminent.

The national landscape for these industries is still promising considering the amount of reinvestment and construction in the development pipeline for facilities that host related events. More evidence of this trend will

be discussed in the following chapter, which reports on the regional facilities that compete with the AEC for equestrian and livestock events.

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## REGIONAL EQUESTRIAN & LIVESTOCK FACILITY ANALYSIS

HSP evaluated the regional equestrian and livestock event facilities to determine the supply of facilities for events and understand the competitive market and how it may affect the Alliant Energy Center (AEC). HSP determined the relevant region and facilities through market research and stakeholder interviews including CVB personnel and user groups of the AEC. The facilities were determined by their proximity to the AEC and their facility components and quality. HSP reviewed the critical characteristics of the facilities and event schedules to determine how competitive and successful the AEC is compared to regional competitors.

### Regional Facilities Supply & Demand Analysis

Equestrian and livestock facilities of varying size and quality exist in the regional market, with each serving a combination of local, regional and national events. The existing facilities supply in the region consists mostly of state fairgrounds and exposition centers located on state fairgrounds. The fairgrounds and exposition centers are typically operated as a single facility. Depending on the climate and season of an event, it may utilize both indoor and outdoor components of a facility.

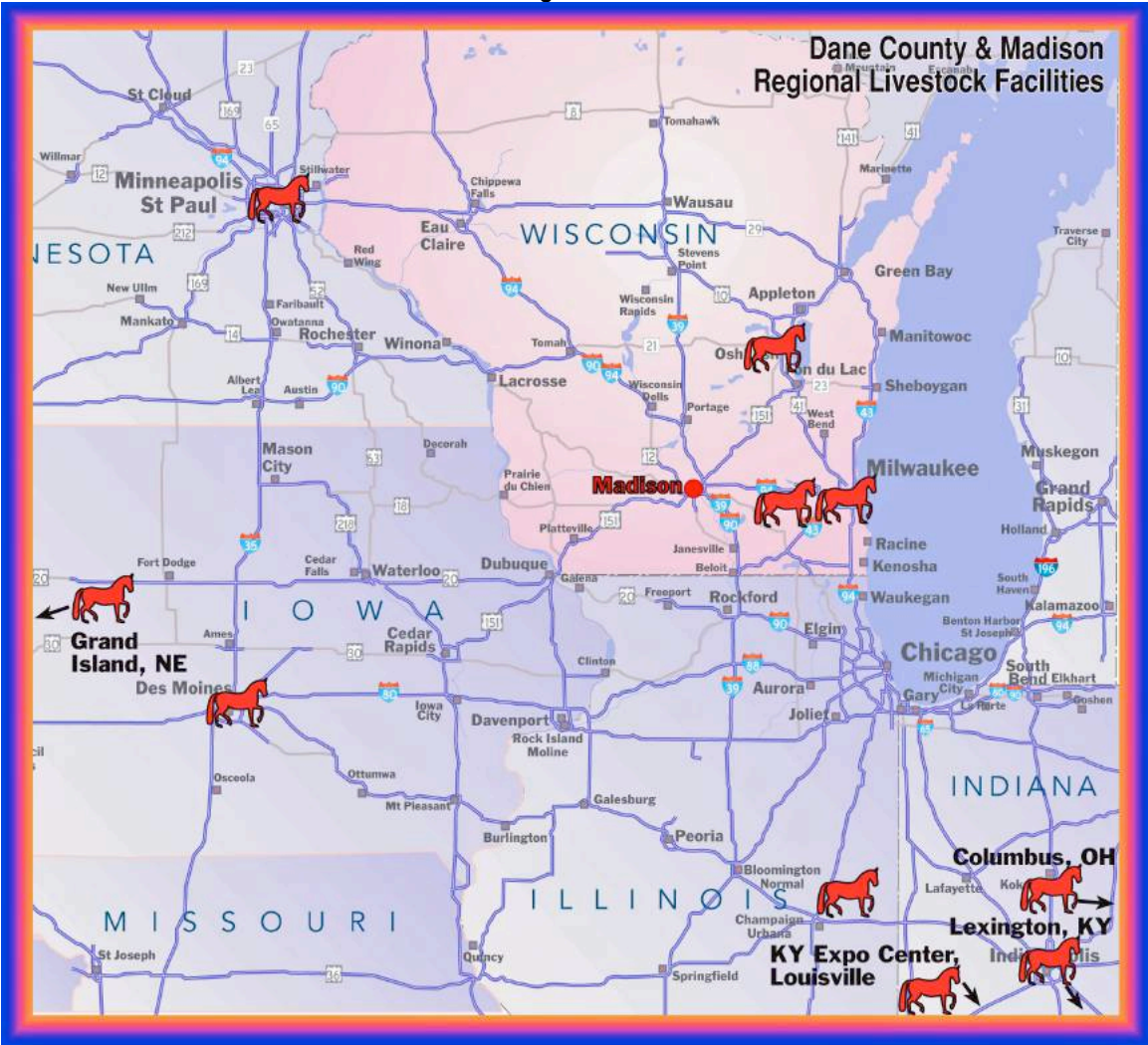
Both equestrian events and livestock events utilize these fairgrounds and exposition centers, since required spaces and amenities are largely similar in nature. The following list explains the major facility types and their uses for equestrian and livestock events.

- **Enclosed/covered arena:** These facilities are most often used for main events, including shows and competitions. The arena on-site with the most floor space and seating is typically used for these events. The arena floor will always be covered in dirt to provide proper footing for the animals. If additional enclosed/covered arenas are available, these are often utilized as warm-up arenas for contestants.
- **Uncovered outdoor arena:** While uncovered arenas may also be used for shows and competitions depending on climate, these facilities are typically used as warm-up arenas for contestants prior to entering the main arena.
- **Stall barn:** Stall barns are enclosed buildings with either permanent or temporary holding stalls for horses, cattle and other livestock. Flat floor exposition spaces may be used as a temporary stall barn. These buildings house the animals before and between showings or competitions. Many facilities have multiple barns across a campus, while others are housed within additional space under the same roof as the main arena. Stall barns also have exhaust fans and/or HVAC systems in place to keep animals comfortable while stalled. Each animal has a different space requirement, with horses typically requiring the most space. Wash racks are also necessary in stall barns, allowing contestants to bathe their animals before a show or competition.

The current trends in the industry show that contestants prefer that all facilities be covered and connected to eliminate the animals' exposure to the elements when being transported from the stall to the warm-up arena to the main arena. This provides protection from rain/mud, which can injure the animals, as well as from pedestrian crowds and vehicle traffic. Many facilities still do not offer this advantage, although participants are expecting it more and more.

The following figure shows the equestrian and livestock event facilities in the region surrounding the AEC.

Figure 7-1



The following table summarizes the equestrian and livestock event facilities in the region.

**Table 7-1**

Regional Equestrian/Livestock Event Facilities										
Facility Name	City	State	Distance from AEC (miles)	Enclosed / Covered Arenas	Uncovered Arenas	Largest Arena Width (Feet)	Largest Arena Length (Feet)	Largest Arena Seating	Barns	Stall Capacity
Jefferson County Fair Park	Jefferson	Wisconsin	30	2	3	150	250	--	4	290
Wisconsin State Fair Park	Milwaukee	Wisconsin	75	1	1	108	220	3,120	5	585
Sunnyview Expo Center	Oshkosh	Wisconsin	97	1	1	150	320	600	5	200
Minnesota State Fairgrounds	St Paul	Minnesota	201	2	6	125	250	5,250	2	992
Gordyville USA*	Gifford	Illinois	254	2	1	100	270	--	--	550
Illinois State Fairgrounds	Springfield	Illinois	257	3	2	116	241	2,688	29	990
Iowa State Fairgrounds	Des Moines	Iowa	292	4	1	125	250	3,500	2	618
Kentucky Exposition Center	Louisville	Kentucky	447	3	0	117	290	14,456	16	1,720
Ohio Expo Center	Columbus	Ohio	468	3	1	112	225	7,000	3	1,794
Kentucky Horse Park	Lexington	Kentucky	514	4	14	306	406	7,338	24	1,200
Heartland Events Center	Grand Island	Nebraska	568	3	2	125	240	6,000	20	2,810
<b>Average</b>				<b>3</b>	<b>3</b>	<b>139</b>	<b>269</b>	<b>5,550</b>	<b>11</b>	<b>1,068</b>
Alliant Energy Center	Madison	Wisconsin		4	1	125	225	8,200	2	1,300

\* entire facility under one roof  
Source: Various facilities, Hunden Strategic Partners

The list of competitive facilities HSP has identified reaches more than 550 miles from the AEC. Facilities of a similar nature and scale to the AEC are typical of state fairgrounds, yet are otherwise uncommon. Only two of the 11 facilities listed are privately owned, Gordyville USA in Gifford, Illinois and the Heartland Events Center in Grand Island, Nebraska. Gordyville USA also happens to be one of the smallest facilities in the competitive set. On the other end of the spectrum lies Kentucky Horse Park, which is an outlier in the industry for the region and the nation.

The AEC is above the average of the competitive set in a number of ways and below average in others. With the Veterans Memorial Coliseum, Arena Building and the New Holland Pavilions, the AEC offers four enclosed arenas, which is twice the average. On the other hand, the total number of arenas at the AEC (five) equals the average of the competitive set. By square footage, the New Holland Pavilions' floor is the AEC's largest, but the Coliseum has the greatest seating capacity. In fact, the Coliseum offers the greatest seating capacity among the competitive set. To have a true championship equestrian arena, a facility needs to offer an arena floor of approximately 300 feet by 150 feet or larger. The New Holland Pavilions' maximum stall capacity of 1,300 also places the AEC in the top five for most stalls in the competitive set, while the bottom seven facilities offer fewer than 1,000 stalls. This capacity varies for the AEC when events utilize floor space in the Pavilions for warm-up and/or show arenas.

### Facility Profiles

Some of the facilities on the list host more events than others. HSP profiled these facilities to understand the physical programming and the mix of events hosted at each. Kentucky Horse Park in Lexington, Kentucky is by far the largest and most prominent equestrian facility in the region, although the other facilities profiled below also cater to the equestrian and livestock event industries.



### Jefferson County Fair Park – Jefferson, Wisconsin

Jefferson County Fair Park (JCFP) is located in Jefferson, Wisconsin, 30 miles from the AEC. The Fair Park was established in 1853 and is overseen by the Fair Park Director, who is appointed by the County Administrator. Jefferson County owns and operates the Fair Park. Improvements have been made gradually to the existing building, and new buildings have been erected since 1997, when a combined total of nearly \$3.8 million was partially taken from the county general fund and partially bonded specifically to renovate the Fair Park based on a long-term plan that had been previously studied. Most recently the Commercial Building was added to the campus for fair activities and used for secondary horse and livestock stalling during non-fair events.

Two hotels within Jefferson supply more than 70 rooms, and ten hotels within eight miles offer approximately 475 rooms. There are also 199 RV sites with power and water, many with water service only, and 30 acres of dry (tent and RV) camping available.

JCFP's largest arena is one of three outdoor horse arenas. Seating provided around each of the outdoor arenas is from portable bleachers. The outdoor arenas also have a judging/announcer's shelter for competitive events. The two indoor arenas are housed in the same structure. The indoor show arena is 105 feet by 105 feet, while the second is a small warm-up arena at 80 feet by 80 feet. These indoor arenas are best suited for livestock shows because various equestrian disciplines require a much larger space for movements and jumping courses. Management also offers two exhibit halls for horse shows, although HSP has excluded these from the indoor arena count because they are uncommonly small for such activities and likely not competitive. JCFP also offers multiple barns, four of which are capable of stalling horses and other large livestock such as cattle for a total of 290 stalls. Lastly, JCFP has a 2,200-seat grandstand typically utilized for concerts, truck and tractor pulls and demolition derbies.

The following figure shows the Jefferson County Fair Park campus.

Figure 7-2



JCFP hosts the annual Jefferson County Fair. The event is held mid-July each year during a five-day period. Activities include concerts, a midway with rides and games, competitive horse and livestock events and the Midway Hop Stop, which is a food and beverage area serving beer and offering live music. Beyond the fair, JCFP hosts many events throughout the year, including gun shows, swap meets, auctions, consumer shows and horse and livestock shows.

### **Wisconsin State Fair Park – Milwaukee, Wisconsin**

Wisconsin State Fair Park (WSFP) is located in Milwaukee, approximately 75 miles from the AEC on the south side of Interstate 94. The State Fair Park Exposition Center, Milwaukee Mile Speedway and Pettit National Ice Center all share the Fair Park campus. The fairgrounds have hosted the Wisconsin State Fair since 1892. The fairgrounds have also been used as a staging ground for Camp Harvey during three wars and the occasional home of the Green Bay Packers between 1934 and 1951. The State Fair Park Board of Directors oversees the management and staff of the Fair Park.

WSFP event participants and attendees have six hotels within approximately two miles offering 600 rooms. The newest hotel, the Residence Inn Milwaukee West, opened in December 2016 with 127 rooms, while the nearest hotel, the Hampton Inn & Suites Milwaukee, opened in November 2015 with 101 rooms and is slightly more than half a mile away. WSFP also has 120 RV campsites on-site.

The nearly 200-acre property offers many more amenities than those accommodating equestrian and livestock events, but this profile will focus on those utilized by relevant user groups. The main arena used for horse and livestock shows is the Coliseum, a covered arena with a seating capacity of 3,120 and a show ring size of 220 feet by 108 feet. The Coliseum also offers two concession stands, two ticket booths, event staff offices and restrooms. Horses and other livestock are kept in five separate barns with a combined capacity of 585. The largest barn is the Bi-Level Barn, which includes milking parlors and wash racks on the upper and lower levels, as well as offices. WSFP is part of a three-way tie for the fewest number of total arenas with two, one of which is covered and the other uncovered. The uncovered arena is used as warm-up arena.

The following figure shows the entrance to the Coliseum.

Figure 7-3



WSFP hosts the Wisconsin State Fair each year in August. The 2017 Wisconsin State Fair is scheduled for August 3 – 13. The fair features many horse and livestock shows, rides and games, concerts and other entertainment. Throughout the rest of the year, the facilities are used for horse and livestock shows on a regular basis.

#### **Sunnyview Expo Center – Oshkosh, Wisconsin**

Sunnyview Expo Center (SEC) is located in Oshkosh, nearly 100 miles from the AEC between Interstate 41 and Lake Winnebago north of Oshkosh proper. The Expo Center is located on approximately 78 acres.

The nearest lodging options are located more than 6.5 miles away in Oshkosh. There are also options north of the SEC in Neenah.

The following figure shows the covered arena at Sunnyview Expo Center.

Figure 7-4



SEC offers approximately 31,000 square feet of exhibition space along with the barns and arenas utilized for equestrian and livestock events. The facility has one covered arena and one uncovered arena. The covered arena is 320 feet by 150 feet, which is large enough to accommodate most horse and livestock shows with ease. The covered arena has also hosted dog agility competitions and concerts. Bleacher seating around the arena can seat approximately 600. The uncovered arena measures 220 feet by 150 feet, which is large enough for most competitive uses and all warm-up needs. Bleacher seating is limited around the uncovered arena. The SEC also offers five barns, one of which was recently expanded, and can hold approximately 200 stalls. The SEC also has centralized showers and wash racks for animals between the covered arena and barns. The SEC offers more than 1,200 parking spaces in its main parking lot with additional parking for exhibitors and overflow parking available on-site.

The SEC hosts horse shows and competitions, livestock shows and dog shows in the arenas. Many of these events are coordinated by the local 4-H organization and local and state horse associations.

#### **Minnesota State Fairgrounds – St. Paul, Minnesota**

The Minnesota State Fairgrounds (MSF) are located in St. Paul, Minnesota more than 200 miles from the AEC. The fairgrounds are publicly owned and most notably the home of the Minnesota State Fair. The fairgrounds have been in place since their purchase in 1859, except for five years between its initial opening and 1946. The fair and grounds are operated by the Minnesota State Fair, which is a quasi-state agency, though funds for the fair have solely come from event revenues since 1949.

There are 16 hotel properties within approximately three miles of MSF totaling more than 2,200 rooms. While most of the hotels were built between 1960 and 1990, four of the hotels have opened in the past three years and another is currently under construction. MSF is within seven miles of downtown Minneapolis and within six miles of downtown St. Paul, which both offer numerous additional dining and entertainment options.



MSF's board of managers approved \$8 million for improvements in January 2017. Of the total \$4.6 million will be deployed for capital work and the other \$3.4 million will be used for maintenance projects. The capital projects will include the following.

- "The Veranda," a new retail and food and beverage area in the Upper Grandstand
- A new performance space outside the Education Building
- Renovations to the interior of the Creative Activities Building
- Two new information booths
- A new elevator at the west side of the Grandstand
- Upgrades to the Swine Bar

Maintenance will include miscellaneous grounds upkeep, improvements to utilities and transportation infrastructure.

MSF is one of the more robust facilities in the region with a total of eight arenas. The Lee & Rose Warner Coliseum is the facility's largest arena at 250 feet by 125 feet with a seating capacity of 5,250. The Coliseum is fully enclosed. The second enclosed arena is the AgStar Arena, which was constructed in 2012. The arena floor is 16,000 square feet with seating for 600. MSF also has six uncovered arenas for warm-up and other activities; this is the second-largest number in the competitive set after the Kentucky Horse Park. MSF also has two barns with nearly 1,000 stalls for horses, cattle and other large livestock.

The following figure shows the entrance of the AgStar Arena.

Figure 7-5



MSF is home to the Minnesota State Fair, which is an annual 12-day event that attracted nearly two million people in 2016. It is the second most popular state fair in the United States behind the State Fair of Texas, an event that lasts nearly twice as long. MSF also hosts a number of horse and livestock shows throughout the

year. Based on the event calendar, MSF has sixteen 4-H, equestrian and livestock events scheduled for 2017, which is the second fewest for the competitive set and far below the average of 28 events.

### **Gordyville USA – Gifford, Illinois**

Gordyville USA is located in Gifford, Illinois, approximately 250 miles from the AEC. A prominent auctioneer, Gordon Hannagan, and his wife constructed Gordyville after a career of auctioning horses and estate sales. The facility is the only one privately-owned and –operated one in the regional list.

Lodging options are scarce near Gordyville with only four hotels offering 387 rooms within ten miles, all of which are more than 6.5 miles away. These hotels are at least 26 years old and as much as 42 years old. Gordyville does offer 100 RV hookups on-site.

Gordyville USA is a 160,000-square foot event facility, including an enclosed arena and stalling space, under once roof. Gordyville offers two 270 foot by 100 foot arenas, 550 portable stalls with wash racks, concessions and a restaurant, 40 acres of parking and an outdoor warm-up arena.

**Figure 7-6**



Gordyville USA hosts monthly auctions, estate sales and swap meets in the flat floor area of the facility. It also hosts many horse shows and livestock shows throughout the year on weekends. The American Quarter Horse Association is hosting a number of events at Gordyville in 2017, as are a handful of other horse clubs and associations.

### **Illinois State Fairgrounds – Springfield, Illinois**

The Illinois State Fairgrounds (ISF) is located in the state capital of Springfield, more than 250 miles from the AEC. The 366-acre, state-owned Fairgrounds hosts the annual Illinois State Fair. The first Illinois State Fair to be hosted on the current fairgrounds was held in 1894. The ISF has since been added to the National Register of Historic Places as an historic district in 1990.



There are 39 hotels within 8.5 miles of the ISF, which provide nearly 3,800 rooms. Many of the nearest hotels are economy or small independent properties built at least 17 years ago. There are also older upscale options downtown. Many fairgoers and equestrian and livestock event attendees utilize the vast amount of campgrounds, as well.

The ISF's facilities are showing their age, since the most recent building to be constructed came in the late 1990s. Management has claimed as of March 2016 that the two Illinois state fairgrounds in Du Quoin and Springfield are carrying a combined \$180 million in deferred maintenance. Governor Rauner included these items in a capital proposal in 2016, however, it is undetermined if funds have been allocated through the state budget to address growing maintenance issues.

The following figure shows the Coliseum at the ISF.

Figure 7-7



The main arena at the ISF is the Coliseum, which was constructed in 1901. The Coliseum houses an arena with dimensions of 241 feet by 116 feet and seating for 2,688. The building also features overhead fans for conditioning, as well as restrooms, ticket booths and office space. Located adjacent to the Coliseum is the covered arena building, which houses the largest covered arena by floor size (125' x 250'), though limited bleacher seating is available upon request. The covered arena comes as a package deal when renting the Coliseum, so it may be used as a secondary show ring or warm-up arena. The ISF is in a small subset of the competitive facilities because it has many relatively small stabling barns as opposed to fewer higher-capacity barns. The ISF has 29 barns in total with a combined capacity of 990 horses or other large livestock. Additional barns capable of housing smaller livestock, such as swine and goats, are also available. One of the barns is called the Livestock Center, which houses a small show ring and dirt-floor arena measuring 122 feet by 80 feet. The 13,000-seat Grandstand is another major asset for the ISF, which hosts horse and automobile races, truck and tractor pulls, concerts and other spectator events. The Grandstand also has nearly 19,000 square feet of exhibition space beneath the covered bleacher seating.

Overall, the ISF has a relatively average size collection of assets accommodating equestrian and livestock events compared to other regional competitors. Its central location in Illinois and historic buildings add convenience and ambiance beyond what more northern and newer facilities may offer.

The following figure shows the dirt ring within the Livestock Center, one of two indoor arenas at ISF.

**Figure 7-8**



ISF hosts a number of horse and livestock shows in the Coliseum and covered arena building, as well as horse and automobile races, among other events, at its Grandstand. The ISF has 34 equestrian and livestock events scheduled for 2017, making it one of the most popular facilities in the region for these types of events. Only the AEC (43) and Kentucky Horse Park (71) have more events scheduled.

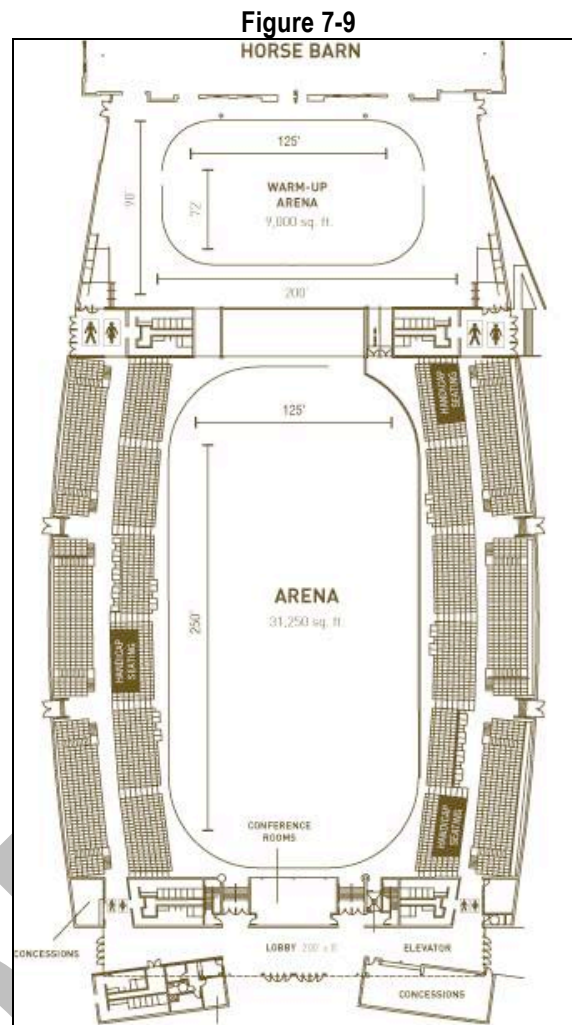
#### **Iowa State Fairgrounds – Des Moines, Iowa**

The Iowa State Fairgrounds (IASF) is located in Des Moines, nearly 300 miles from the AEC. The IASF has hosted the annual state fair since the Fairgrounds were established in 1886. The Fairgrounds encompass 435 acres of state-owned land. The majority of the land (275 acres) is dedicated to facilities directly related to the state fair, while the other 160 acres are campgrounds. The IASF was added to the National Register of Historic Places in 1987 as an historic district.

Other than the 69-room Econo Lodge Inn on the IASF campus, the nearest hotels are three miles or more away. There are many hotels within the city that may accommodate demand for lodging from events at the IASF. There is also the vast campground at the IASF to capture overnight stays.

The IASF has undergone continual upgrades, renovations and new construction the early 1990s. A total of 26 buildings have been constructed or improved since then with seven of these projects being completed in the past ten years. The most recent construction was of the MidAmerican Energy Stage, a music and entertainment venue with permanent seating, dressing rooms and a loading dock, which was completed in 2015.

The following figure shows the layout of the Richard O. Jacobson Exhibition Center.



IASF's main arena is inside the Richard O. Jacobson Exhibition Center, which was completed in 2010. The Jacobson Exhibition Center is a flexible venue that can hold horse and livestock shows, as well as trade shows and concerts. When set up for horse and livestock shows, the show ring measures 250 feet by 125 feet with 3,500 seats. There is a secondary warm-up area under the same roof that measures 125 feet by 72 feet when the livestock fence is in place. On the second floor of the Jacobson Exhibition Center is Jake's Club, which is a 2,200-square foot space with seating for 40 overlooking the main arena. IASF also has two other covered arenas: the Pioneer Livestock Pavilion, which is an enclosed circular building with a show ring measuring 170 feet by 120 feet and with 2,000 seats, and an open-air, covered arena measuring 190 feet by 100 feet. The open-air covered arena has an adjacent uncovered warm-up arena. The horse barn is attached directly to the side of the Jacobson Exhibition Center nearest the warm-up area. The two barns at IASF offer more than 615 stalls combined. IASF also has a collection of smaller buildings able to host trade shows, pet expos and other events that do not require permanent seating or arenas.

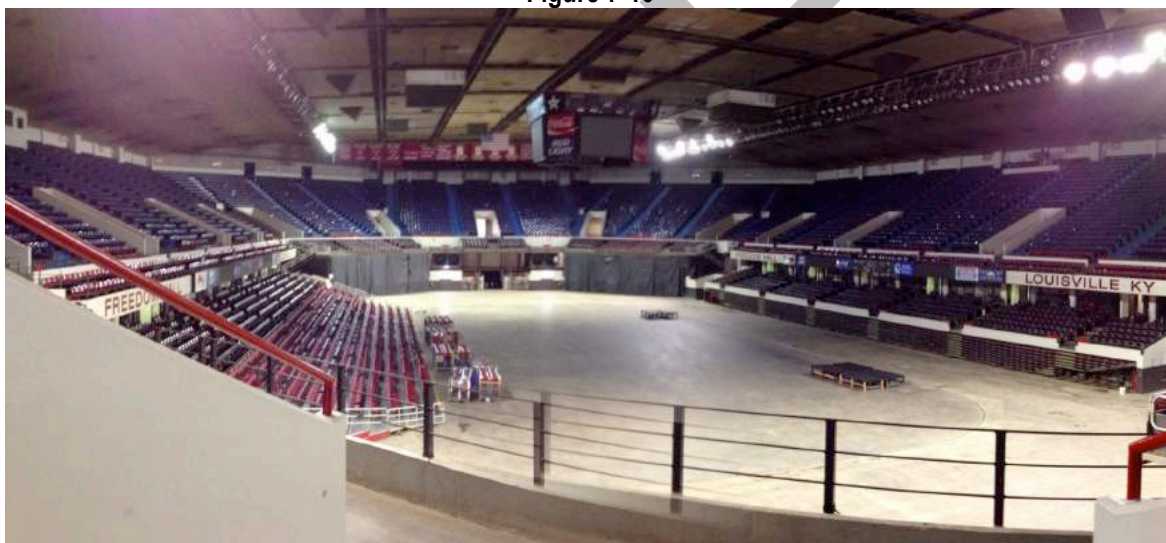
The IASF had an average number of 4-H, horse and livestock events scheduled in 2016 compared to the rest of the competitive set. The 2017 National Junior Angus Show will be held at IASF for one week in July. A number of state horse and livestock associations schedule shows and events at the IASF each year, involving horses, cattle, alpacas, dogs, cage birds and more.

### Kentucky Exposition Center – Louisville, Kentucky

Kentucky Exposition Center (KEC) is located in Louisville, Kentucky, nearly 450 miles from the AEC. Originally constructed in 1956, the KEC is a 1.2 million-square foot exposition center. That amount of space places KEC in the top ten largest in the United States. The central and convenient location of KEC off of Interstate 65, adjacent to the Louisville International Airport and near large entertainment options, such as Kentucky Kingdom, a 63-acre amusement park, creates a compelling destination for event planners and attendees.

The following figure shows the interior of Freedom Hall.

Figure 7-10



There are three arenas capable of hosting horse and livestock shows, two of which have considerable permanent seating. The first is Freedom Hall, which was part of the original construction in 1956, offering 14,456 permanent seats for horse and livestock shows requiring a fenced show ring, which is by far the largest in the competitive set. The show ring itself measures 290 feet by 117 feet. Freedom Hall was originally designed to host the Kentucky State Fair World's Championship Horse Show, which it still does each year during the Kentucky State Fair. The second large arena, Broadbent Arena, was added to the KEC in 1977 and connects to the northwest corner of the Pavilion. Broadbent Arena, similar to Freedom Hall, has an arena floor able to hold a show ring of 290 feet by 117 feet, though with a seating capacity of 5,261. Lastly, there is an open-air, covered arena surrounded by the horse barns that can serve as a show ring, secondary arena or warm-up arena.

The 16 barns surrounding the covered arena offer 1,000 permanent stalls and additional capacity to hold 720 additional temporary stalls. KEC offers a stall capacity in the top five of the competitive set and nearly 30



percent more than the AEC. Most of the barns were reconstructed in 1974 after a tornado damaged many of the horse barns, Freedom Hall and the East Wing of the KEC.

KEC hosts the annual Kentucky State Fair as well as a number of horse and livestock shows throughout the year. KEC is hosting multiple national bovine association shows, including American Angus, Hereford and Simmental breeds. Freedom Hall will also be hosting the North American Championship Rodeo, which serves as the circuit finals for the Pro Rodeo Cowboys Association (PRCA) in November 2017. The North American International Livestock Expo is a 17-day all-breed, 10-species livestock show that takes place in November 2017, which will use each of KEC's arenas and all of the available stall space.

### Ohio Expo Center – Columbus, Ohio

The Ohio Expo Center (OEC) is located in Columbus, Ohio and is approximately 470 miles from the AEC. The OEC has been the site of the Ohio State Fair since 1886. The 360-acre campus has 20 buildings that can accommodate 20,000 people during events. The OEC is located just seven minutes from downtown Columbus, which offers many dining, lodging and entertainment options.

As part of the State of Ohio's 2017 capital budget, Ohio Expo Center will receive \$9.4 million to renovate the Celeste Center, which replaced the Ohio State Fair Grandstand in 1991. The Celeste Center acts as the main entertainment arena at OEC. This will be the facility's first renovation since it was completed. The improvements will include the replacement of 2,000 portable seats with retractable bleachers of a similar capacity, as well as upgrades to the electrical system, HVAC and plumbing, new rooms and structural modifications.

The following figure shows the Taft Coliseum.

Figure 7-11



The OEC has four arenas, three enclosed/covered and one uncovered, and three barns able to accommodate horse and livestock shows. The main arena is the Taft Coliseum, which has a show ring size of 225 feet by 112 feet and seating for 7,000 spectators. The Coliseum is often used for horse and livestock shows, concerts, the circus and truck and tractor pulls. Other amenities in the Coliseum include offices, locker rooms, VIP and press boxes, concession stands and showcase displays. The second arena is the Cooper Arena, which is billed as a mini-coliseum for smaller shows. The show ring measures 187 feet by 76 feet, which can be small for some equestrian disciplines. Cooper Arena also has seating for 2,000. The third enclosed arena can be setup inside the Voinovich Livestock and Trade Center. The Voinovich Center has retractable bleacher seating for 1,400 people and a stalling area for 804 cattle or 282 horses without an arena or 369 cattle or 13 horses with an arena. The Voinovich Center is also used for sporting events, trade shows and other flat floor events. The O'Neill Building also has a smaller show ring (20' x 50'), which is not viable for horse shows or competitions, but can be used for livestock shows and auctions.

The OEC hosts many bovine and equine shows throughout the year, including Ohio state dairy and beef associations and midget quarter horse racing, among others. The OEC also holds national level events such as the Equine Affaire, All American Youth Horse Show, American Quarter Horse Congress, Ohio Beef Expo, Ohio Deer & Turkey Expo and others.

#### **Kentucky Horse Park – Lexington, Kentucky**

The Kentucky Horse Park (KHP) is located in Lexington, Kentucky, more than 500 miles from the AEC. The KHP was established in 1978 as a working horse farm and educational theme park dedicated to “man’s relationship with the horse.” The entire facility encompasses 1,224 acres and has daily programming involving multiple breeds of horses, including common and race breeds. The KHP also offers a large campground with RV hookups and dry camping.

KHP is a unique facility in the competitive set and in the United States, as it is solely focused on equestrian events, with more than 30 national association tenants in offices on-site. These tenants and many third-party events rent the extensive facilities at KHP year-round. The KHP is also unique in that its calendar is filled with equine events every month, while most other facilities in the competitive set are more seasonal (with most events typically held from April through November).

KHP is undergoing a “Barn Renovation Project”, which reports that 21 of the 24 stabling barns for the horses are in great need of stall or structural renovations or both. KHP is seeking sponsorships in the form of monetary or building material donations, which will be exchanged for potential naming rights of a barn or other benefits.

The following figure shows the Rolex Stadium.



Figure 7-12



The KHP has by far the most arenas of any facility in the region (a total of 18 arenas, four of which are enclosed/covered and 14 that are uncovered). The KHP's largest arena, which is an outdoor arena, is the Rolex Stadium, which has more than 7,300 permanent seats and portable bleacher seating able to accommodate an additional 30,000 spectators. With the bleacher seating in place, the KHP has the largest arena by seating capacity in the competitive set by a factor of more than two. Rolex Stadium is also the largest arena by floor size at 406 feet by 306 feet. This size of arena is able to accommodate any and all horse events. Rolex Stadium also has a number of amenities, including multiple restrooms, concessions and a 18-by-33-foot LED video screen. The KHP also has the 5,520-seat Alltech Arena, which measures 300 feet by 135 feet. Alltech Arena also offers nine luxury suites, 222 VIP box seats and a 4,000-square foot club lounge able to accommodate 80 attendees. The Covered Arena is yet another championship arena at 300 feet by 130 feet with 1,174 permanent seats. Bleachers may be added at the Covered Arena to expand seating to 5,000. The fourth covered arena is in an attached warm-up arena to the Covered Arena. There are many additional uncovered dressage and other arenas scattered across the 1,200-acre campus, as well as 24 stalling barns able to accommodate 1,200 horses near most of the available arenas.

The following figure shows the Alltech Arena.

Figure 7-13



In addition to the equestrian focus of the KHP, its facilities are also available for rent for other event types. From meeting rooms starting at 12 people and ranging to the largest stadiums, the KHP has myriad options for meetings, livestock and dog shows and others. The KHP has more than double the number of events scheduled in 2017 than the other regional competitors, excluding the AEC.

#### **Heartland Events Center at Fonner Park – Grand Island, Nebraska**

The Heartland Events Center (HEC) in Fonner Park is located in Grand Island, Nebraska and is nearly 570 miles from the AEC, making the HEC its the furthest regional competitor. Fonner Park is a 220-acre complex housing nearly 500,000 square feet of exhibition, livestock and equestrian facilities. Many of the facilities accommodating horse and livestock events have been recently constructed or replaced in an effort to revitalize the campus. Hall County Livestock Improvement Association, Inc, d.b.a. Fonner Park, owns and manages the property. Fonner Park has donated parts of its land to Heartland Events Center and the Nebraska State Fair.

Fonner Park has evolved since its establishment in 1953 after the land was purchased from Gus and Emma Fonner. Fonner Park was first a place for horse racing with the first races taking place in 1954. Improvements for the racetrack and grandstand took place in the 1950s, while additional stalling barns were constructed in the 1960s. The 1970s brought another barn, the Clubhouse with additions and the Thompson 4-H Arena. More construction and expansion took place in the 1980s and 1990s. Finally, the HEC broke ground in 2004 and was completed in October 2006, though its first event was a concert held in August 2006. In 2009, Fonner Park began construction on 500,000 square feet of buildings to prepare for the Nebraska State Fair's relocation to Ronner Park in August 2010.

The following figure shows the Five Points Bank Arena at the HEC.

Figure 7-14



The HEC houses the Eihusen Arena, which is the main arena at Fonner Park. The arena has 6,000 seats and a show ring measuring 240 feet by 125 feet. Eihusen Arena also has multiple locker rooms, 12 luxury suites, nine meeting rooms, multiple restrooms and ticket offices and a portable stage. Five Points Bank Arena was constructed in 2010 and has seating for 2,200 and a show ring of 215 feet by 110 feet. Five Points Bank Arena also has a VIP lounge overlooking the arena and five offices. The Thompson Foods Indoor & Open Air Arenas are the remaining arenas at HEC. The Indoor Arena was built in 1979 with a show ring measuring 210 feet by 102 feet, with 1,200 bleacher seats. The Outdoor Arena was originally built in 1979 but replaced in 2016 with a show ring measuring 246 feet by 166 feet and seating for 750. Connected to the Indoor Arena is a stalling barn with capacity of 1,200 horses. There are also 19 other stalling barns with a combined capacity of 1,610 stalls across Fonner Park, which provides the HEC with the most stalling capacity of any comparable facility in the region. Fonner Park also has a 5,300-seat Grandstand and racing track used for horse and automobile races.

Fonner Park and the HEC host the Hall County Fair, Nebraska State Fair, Fonner Park State 4-H Horse Exposition, 31 days of thoroughbred horse racing and other annual events, including the National 4-H Shooting Competition. The HEC also hosts multiple horse races and shows, and livestock shows and rodeos. However, the event calendar for the HEC is one of the most sparse in the competitive set, hosting less than half the events of the AEC.

### *Facility Demand*

The following table provides a comparison of events booked at each of the regional competitors for the most recently available calendar year.

**Table 7-2**

<b>Regional Equestrian/Livestock Facilities Event Demand</b>			
<b>Facility Name</b>	<b>Events</b>	<b>Event Days</b>	<b>Avg Days/Event</b>
Jefferson County Fair Park	31	57	1.8
Wisconsin State Fair Park	--	--	--
Sunnyview Expo Center	18	40	2.2
Minnesota State Fairgrounds	16	47	2.9
Gordyville USA	29	81	2.8
Illinois State Fairgrounds	34	93	2.7
Iowa State Fairgrounds	26	85	3.3
Kentucky Exposition Center	12	54	4.5
Ohio Expo Center	21	45	2.1
Kentucky Horse Park	71	227	3.2
Fonner Park	17	65	3.8
<b>Average</b>	<b>28</b>	<b>79</b>	<b>2.9</b>
Alliant Energy Center	43	128	3.0

\* Most recent full calendar year used  
Source: Various facilities, Hunden Strategic Partners

As has been discussed throughout the chapter in each of the regional facility profiles, the number of 4-H, horse and livestock events varies widely between facilities in the region. The AEC is performing well in this regard, capturing more than 50 percent more events than the regional average. The AEC also captures slightly longer events than many other facilities, with an average event length of three days. The Kentucky Horse Park has by far the most events and event days on its calendar. However, while a vast majority of events at the Kentucky Horse Park originate from these industries, many of the other regional facilities have more varied calendars, including the AEC.

### *Facility Pricing*

HSP gathered pricing data from many of the regional competitors and realized the following insights.

- Covered and uncovered warm-up arenas are often included in the pricing of a facility's main arena.
- Longer events are typically offered lower rates on barn/stall rentals on per-day or per-stall basis.
- Pricing differs between events that are ticketed versus non-ticketed, as well as if events are booked by commercial or non-profit organizations.
- There is a wide range of pricing structures for facilities across the region. Older facilities are typically relatively inexpensive to rent compared to newer ones, which may be attributed to user groups' willingness to pay and a lack of needing to service debt payments.

User groups were also very helpful in providing an understanding of their perspective on various regional facilities' pricing and how it compares to the AEC, as well as what their major concerns are.



- The AEC tends to be one of the most expensive facilities in the region to rent. These groups realize that some of the premier facilities are located at AEC and are especially willing to pay the price for the New Holland Pavilions.
- While the facility rentals at the AEC are expensive, the prices are justifiable. However, the food and beverage pricing and limitations strain groups' budgets.
- The Iowa State Fairgrounds are generally perceived as the most inexpensive facility in the region. The age and deterioration of the facilities lessen the value user groups get from going with the cheapest option. The pricing and conditions of the Illinois State Fairgrounds are similar to Iowa's.
- The Ohio Expo Center is more expensive than Iowa and Illinois, although some of the facilities are aging and making justifying the rental prices more difficult.
- One challenge to address when considering updating the AEC's facilities is to not set pricing out of the range of these equestrian and livestock groups' reach. Most of these organizations, especially the local and state groups, are small, non-profit organizations with limited resources.

## Implications

The AEC is competing in an expansive region with nearly a dozen other facilities vying for 4-H, horse and livestock shows. Each of the facilities has certain strengths and weaknesses relating to their location, nearby amenities, on-site facilities, capacity for holding large events, and pricing schedules that are disparate from the facilities offered. The AEC has already taken a large step in the right direction by constructing the New Holland Pavilions, which have captured many more events than most competing facilities in recent years. Continuing along the path of undertaking a master planning effort will further distinguish the AEC from its competitors.

A handful of the regional competitors are also reinvesting in their facilities in order to revitalize offerings and stand out in the crowd of aging state fairgrounds and publicly-owned exposition centers. Most facilities are improving their offerings piece by piece as needed, so taking a holistic approach and making sweeping improvements at the AEC will be difficult for other facilities to compete on a basis of quality without similar levels of investment.

Based on the analysis in this chapter, the AEC has strengths and weaknesses when compared to regional competitors. The AEC's facilities, especially the New Holland Pavilions, are capturing demand well by offering flexibility and a high stall count relative to the market average. Current parking accommodates nearly all events without need for additional space. One of the AEC's weak points is the lack of on-site and nearby dining, entertainment and lodging amenities. At this time, additional investment in assets specifically accommodating equestrian and livestock events is not necessary. If renovation of the Veterans Memorial Coliseum is feasible and prudent, there are potential spin-off benefits to these industries.

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## **YOUTH SPORTS TRENDS, MARKET ANALYSIS, TOURNAMENT OPPORTUNITY ANALYSIS**

Hosting tournaments is one of the most significant sources of economic impact for event facilities. This chapter analyzes various sports governing bodies, current trends throughout the youth sports landscape and event organizers that currently hosting or may consider hosting events at Alliant Energy Center (AEC).

### *Sports Complex Industry Background*

In the United States several types of sport facilities exist for use by youth and adult athletes. Such facilities include recreational, competitive, interscholastic and intercollegiate sports and fitness activities. High schools, colleges and universities have on-campus facilities for the students of their schools but these facilities often allow non-students to utilize the sports and recreational facilities for a nominal fee. Municipalities and other local government entities own and operate recreational facilities with a wide range of services. Private sports and fitness facilities provide the public with fee-based sport and recreational opportunities. The advent of large, multi-sport youth and recreation complexes have been driven by several factors including the increase in travel sport programs and the recognition by communities that such relatively inexpensive complexes can generate significant economic impacts in the form of room nights and travel related spending.

### *Sport Participation*

Sports participation will provide insight into the types of programs and services that would be best offered by a facility. The figures in the following table are a result of a national survey conducted by the Sports and Fitness Industry Association. A combination of detailed reports from major trade associations in US sports, fitness and leisure industries, in addition to interviews and surveys conducted, has led to annual reports on the growth and decline of various sports.

**Table 8-1**

United States Sports Participation Age 6 and Older (000s)								
Outdoor Sport	2011	2012	2013	2014	2015	1-year Change	2-year AAG	5-year AAG
Tennis	17,772	17,020	17,678	17,904	17,963	0.3%	0.8%	-0.8%
Baseball	13,561	12,976	13,284	13,152	13,711	4.3%	1.6%	-0.6%
Soccer (outdoor)	13,667	12,944	12,726	12,592	12,646	0.4%	-0.3%	-1.8%
Softball (Slow-Pitch)	7,809	7,411	6,868	7,077	7,114	0.5%	1.8%	-3.3%
Touch Football	7,684	7,295	7,140	6,586	6,487	-1.5%	-4.6%	-5.6%
Skateboarding	6,318	6,227	6,350	6,582	6,436	-2.2%	0.7%	-1.8%
Tackle Football	6,448	6,220	6,165	5,978	6,222	4.1%	0.5%	-1.8%
Flag Football	6,325	5,865	5,610	5,508	5,829	5.8%	2.0%	-2.5%
Volleyball (Beach)	4,451	4,505	4,769	4,651	4,785	2.9%	0.2%	0.2%
Ultimate Frisbee	4,868	5,131	5,077	4,530	4,409	-2.7%	-6.7%	-0.5%
Track and Field	4,341	4,257	4,071	4,105	4,222	2.9%	1.8%	-0.7%
Volleyball (Grass)	4,211	4,088	4,098	3,911	3,888	-0.6%	-2.6%	-3.7%
Softball (Fast-Pitch)	2,400	2,624	2,498	2,424	2,460	1.5%	-0.7%	-0.3%
Lacrosse	1,501	1,607	1,813	2,011	2,094	4.1%	7.5%	8.1%
Field Hockey	1,147	1,237	1,474	1,557	1,565	0.5%	3.1%	6.0%
Rugby	850	887	1,183	1,276	1,349	5.7%	6.8%	8.3%
<b>Total</b>	<b>103,353</b>	<b>100,294</b>	<b>100,804</b>	<b>99,844</b>	<b>101,180</b>	<b>1.3%</b>	<b>0.2%</b>	<b>-1.5%</b>
Indoor Sport	2011	2012	2013	2014	2015	1-year Change	2-year AAG	5-year AAG
Basketball	24,790	23,708	23,669	23,067	23,410	1.5%	-0.5%	-1.4%
Ice Skating	11,626	11,214	10,679	10,649	10,485	-1.5%	-0.9%	-1.8%
Volleyball (Indoor)	6,662	6,384	6,433	6,304	6,423	1.9%	-0.1%	-2.5%
Soccer (Indoor)	4,631	4,617	4,803	4,530	4,813	6.2%	0.3%	-0.3%
Gymnastics	4,824	5,115	4,972	4,621	4,679	1.3%	-2.9%	1.3%
Cheerleading	3,049	3,244	3,235	3,456	3,608	4.4%	5.6%	2.9%
Swimming	2,363	2,502	2,638	2,710	2,892	6.7%	6.7%	6.7%
Ice Hockey	2,131	2,363	2,393	2,421	2,546	5.2%	3.2%	3.6%
Wrestling	1,971	1,922	1,829	1,891	1,978	4.6%	4.0%	-4.3%
Roller Hockey	1,237	1,367	1,298	1,736	1,907	9.9%	21.8%	7.8%
<b>Total</b>	<b>63,284</b>	<b>62,436</b>	<b>61,949</b>	<b>61,385</b>	<b>62,741</b>	<b>2.2%</b>	<b>0.6%</b>	<b>0.1%</b>
<b>Indoor and Outdoor Sport Total</b>	<b>166,637</b>	<b>162,730</b>	<b>162,753</b>	<b>161,229</b>	<b>163,921</b>	<b>1.7%</b>	<b>0.4%</b>	<b>-0.9%</b>

\*AAG - Annual Average Growth  
Source: Sports & Fitness Industry Association

The most popular team sport in the United States is basketball, with over 23.4 million participants in 2015. The most popular outdoor sport is tennis, with nearly 18 million people participating in the sport in 2015, followed by baseball, with nearly 14 million participants.

The total of all the identified sports has fallen from a high of 177.3 million in 2008 to 161.2 million in 2014. There was a slight increase (1.7 percent) in overall participation in 2015. For outdoor sports, flag football and rugby both increased more than five percent in 2015, while indoor soccer, swimming, ice hockey and roller

hockey did the same for indoor sports. Indoor and outdoor sports participation increased in 2015, though the overall trend remains flat.

## Travel Teams

A major and growing trend in youth sports is the growth of elite or travel teams throughout the United States. This trend began as a way to play a chosen sport in the summer months for high school team sports participants, and it has increasingly become less tied to high school programs, therefore attracting and including younger players. In some sports, such as basketball and baseball, independent travel teams have become the most important forum for college recruiting and scouting. This has placed more and more emphasis on travel team sports for those players seeking scholarships to major Division I colleges, and even in a few instances going directly to professional sports after high school.

The formation of travel teams give youth participants the ability to play sports at a higher level and against better competition. While each team sport has travel teams throughout the United States, the most organized and one of the earliest to become popular was the national governing body of non-scholastic youth basketball, the Amateur Athletic Union, or AAU.

The AAU established the now-universal model of having youth athletes compete in specific age levels against each other, the "U18, U17, U16..." teams, as well as establishing national tournaments for each age group. Basketball was the sport in which the AAU had the most success. By 1989 the AAU had national championships for thirteen age groups, both boys and girls. Recently, more and more teams are becoming "elite" or "all-star" teams that promise better instruction, higher levels of competition and greater visibility.

Youth sports dominated by girls, such as softball and volleyball, do not have as many travel teams and elite tournament opportunities when compared to boys', however they are growing in number. The current trend is that girls' youth sports are organizing more travel teams. Sports with lower participation, such as lacrosse and rugby, have had travel teams for some time, because most localities do not have the participants to create leagues. These teams travel regionally to find competition. Current trends show that formerly overlooked sports are also beginning to develop elite tournaments at a state, regional and national level.

At the highest levels the "elite" travel teams, especially in basketball, have become about sponsorships, money and scouting. International shoe and other apparel companies sponsor tournaments, and even teams, giving funds for travel, clothing and shoes to players at younger and younger ages. In doing so, these companies hope to eventually have their brand linked to the next NBA star. Additionally, coaches sometimes receive payments from these companies as well.

Youth sport travel is one of the fastest growing segments of the travel industry, overall outpacing leisure travel. A growing number of families are finding their summer weekends filled with trips to tournaments and competitions. Although tournaments are being held year-round, there are a limited number of top-tier travel weekends families regularly travel long distances on.

The following table shows the weekends that families are regularly choosing to travel for sports.

**Table 8-2**

<b>Primary Travel Weekends</b>	
<b>Weekend</b>	<b>Month</b>
Labor Day	September
Columbus Day	October
Thanksgiving	November
Xmas/New Years	December
MLK Weekend	January
Presidents Day	February
Easter	March
Memorial Day	May
Independence Day	July
Mothers Day	May

Source: Clancy's Sports, HSP

Nationally, the primary tournament dates are scheduled over extended holiday weekends. The month of August has very few events because travel seasons are ending and students are returning to school.

Overall, the increased participation by youth athletes into traveling athletic programs can be attributed to several factors including the appeal of sponsorship dollars, increased exposure and higher competition. However, the criticism of some aspects of travel teams, along with the growing cost and time commitment, may force a slowdown of the participation into traveling youth sports programs. Presently, travel teams are a large part of the existing youth sports culture and those teams will continue to be a major aspect of youth sports into the foreseeable future.

## **TOURNAMENT MARKET ANALYSIS**

With the advent of travel teams came the advent of regional, statewide or multi-state tournaments. This trend has led to the youth sport participants involvement in a single-sport, especially as the participant ages and moves into higher skill levels above age 12 or 13. This trend has resulted in localities wanting to better understand how to best capitalize on this movement. Therefore, more localities are developing athletic complexes with the intention of programming such facilities with regional and national tournaments as opposed to local use. This programming has resulted in economic benefits such as the generation of hotel room nights, restaurant and retail spending.

Demands on the youth sports facilities are increasing due to increased competition. In order to attract regional, and even national tournaments, athletic complexes are adding amenities such as championship-quality fields/courts, arena-type venue for playoffs and increased amenity quality such as bathrooms and concessions. These demands drive costs at the facilities higher.

Localities that construct such facilities can benefit from travel teams such as basketball, volleyball, soccer and baseball. However, specific areas could become saturated with multi-use facilities. Supply will eventually overtake demand and to remain competitive, facilities will have to provide more services at a lower cost. The convention center industry is a recent victim of oversupply, due to communities attempting to race to the top in terms of larger facilities and amenities beyond what the economics of the industry could support.

Large events, like tournaments, are instrumental in generating revenue for athletic complexes, but determining the ideal balance between tournaments, league and open use will be essential when managing a facilities' calendar. It is also important to identify the requirements and expectations of governing bodies and event organizers to better understand the level events a facility can attract.

## REGIONAL YOUTH SPORTS FACILITY SUPPLY

HSP evaluated the supply of venues capable of hosting large-scale youth tournament events throughout the region. The AEC features two venues that have hosted youth sports tournaments, the Veterans Memorial Coliseum and the Exhibition Hall. Historically, large-scale championship events such as the WIAA State Hockey Championships, Wisconsin Folk Style Wrestling and the State Compulsory Gymnastics Meet have been hosted at the AEC. HSP expects competition in the region to come from large, dedicated youth sports facilities, convention centers and exhibition halls. Additionally, competitive facilities were determined by their proximity to Alliant Energy Center (AEC), facility quality and discussions with regional sports organizations.

Indoor complexes of varying size and quality exist in the region. Existing sport facilities located near the AEC are mostly recreational in nature with a few venues capable of accommodating tournament use located regionally. It is not expected that all facilities will compete on the same level for tournament demand as a AEC.

HSP identified eight athletic facilities within a 120-mile radius, and includes seven in Wisconsin and one in Illinois. A majority of the facilities are located in close proximity to major interstates, allowing for easy access.

The following table shows the athletic facilities within the region and is sorted by distance from AEC.

**Table 8-3**

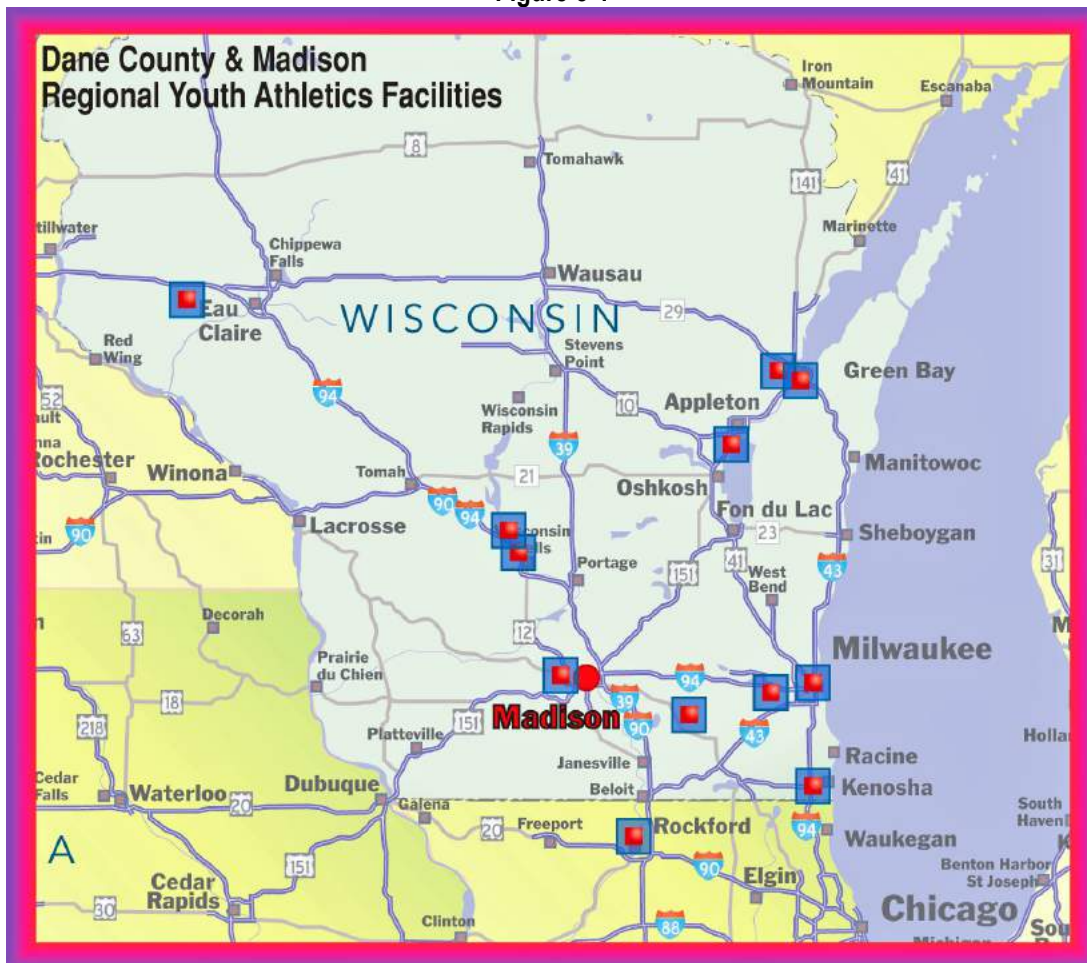
Wisconsin Youth Athletic Facility Supply								
Venue	City	State	AEC	Square Feet	Year Built	Volleyball	Basketball	Total
KEVA Sports Center	Middleton	Wisconsin	11	31,200	--	7	3	10
Woodside Wisconsin Dells Center	Wisconsin Dells	Wisconsin	61	90,000	--	16	10	26
JustAGame Fieldhouse	Wisconsin Dells	Wisconsin	61	53,000	2006	10	6	16
Center Court Sports Complex	Waukesha	Wisconsin	64	50,000	1994	8	5	13
UW Health Sports Factory	Rockford	Illinois	67	108,000	2016	16	8	24
Milwaukee Sting Center	Menomonee	Wisconsin	75	53,000	2016	8	--	8
Wisconsin Center	Milwaukee	Wisconsin	80	188,695	1998	32	--	32
Lake Park SportZone	Menasha	Wisconsin	113	32,000	--	6	3	9
<b>Average</b>	--	--	<b>66</b>	<b>75,737</b>	<b>2006</b>	<b>13</b>	<b>6</b>	<b>17</b>
<b>Total</b>	--	--	--	--	--	<b>103</b>	<b>35</b>	<b>138</b>
Expo Hall - AEC*	Madison	Wisconsin	--	100,000	1995	14	8	21

Source: Various Sources, Hunden Strategic Partners

The largest regional facility is the Wisconsin Center in Milwaukee. This convention facility has more than 188,000 square feet of space and is capable of accommodating 32 volleyball courts. Woodside Wisconsin Dells Center in Wisconsin Dells is the largest basketball facility in the supply with ten basketball courts.

The following map shows regional sports facilities surrounding the Alliant Energy Center.

Figure 8-1



A majority of the eight facilities identified are located along I-90 and/or I-94. In the facility supply, there are dedicated youth sports facilities and large convention/expo centers with the ability to install youth sport court flooring. The most relevant and competitive facilities to AEC are the Woodside Wisconsin Dells Center, the Wisconsin Center and UW Health Sports Factory. A detailed profile of these three relevant and comparable facilities are below.

### Woodside Wisconsin Dells Center – Wisconsin Dells, WI

The largest and oldest competitive fieldhouse in Wisconsin Dells, Woodside Wisconsin Dells Center is located about three miles north of downtown and south of the Chula Vista Resort.

An air-supported dome, this landmark has become a regional mecca for indoor youth, amateur, and collegiate sporting events, gymnastics and martial arts tournaments. The facility was constructed in 2007 on the campus of the Chula Vista Resort along the banks of the Wisconsin River. It houses 90,000 square feet of column-free space and can accommodate up to 15,000 people for multiple-day youth camps, collegiate and professional



sporting events and tournaments. The domed space measures a full football field, or 220 feet by 380 feet long. The space is frequently used for conventions and trade shows that can accommodate up to 450 booths and a 13,000-square foot pre-function space attached to the west side entry. The building is surrounded by a 1,200-space surface parking lot. In addition, the facility includes a sporting goods retail store and meeting facilities.

When used for sports events, the floor of the facility can hold up to 12 basketball courts, 16 volleyball courts or be covered with artificial turf for field sports. When smaller variations of courts and fields are arranged, the center has enough space to house 52 volleyball courts, 34 basketball courts, ten soccer fields, four softball fields, an indoor track, two golf driving ranges, 72 wrestling mats or 36 bowling lanes. At the time, it opened, it was said to cost \$30 million.

The following figure shows several sport and activity layouts within the dome facility.

Figure 8-2



The vast array of sporting events has featured most mainstream sports as well as fencing, gymnastics, dance and cheer, lacrosse, field hockey, mixed martial arts, indoor golf range, soccer and futsal. The facility also hosts non-sporting events such as trade shows, large conventions and banquets. Adult leagues have been developed for softball and soccer as well.

Tim Kaminski opened the Wisconsin Dells Center in June 2007 to cater to destination sporting events similar to the Wide World of Sports in Walt Disney World. Since 2007, more than two million families and participants from over 30 states have visited the Wisconsin Dells Center for family oriented events and tournaments. In 2013, the Wisconsin Dells Center was sold and purchased by Damon Zumwalt and Mike Kaminski. Mr. Zumwalt renamed the facility to the Woodside Wisconsin Dells Center. As part of the plan, eight baseball fields were installed on the grounds next to the dome. The facility reopened in 2014.

## Wisconsin Center – Milwaukee, WI

The Wisconsin Center, which opened in 1998 as the Midwest Express Center, has nearly 189,000 square feet of contiguous exhibit space and a ballroom with more than 37,500 square feet of space. Additionally, the center includes more than 39,000 square feet of meeting space, which can be divisible into 28 meeting and breakout rooms. The Wisconsin Center is part of a greater complex of buildings which include the UW-Milwaukee Panther Arena and the Milwaukee Theatre.

The following image shows the entrance to the Wisconsin Center.

Figure 8-3



The center is a convention and exhibition center first and programs trade shows, conventions, conferences, expos and fairs throughout the year. The center programs on average approximately 200 events and has more than 600,000 visitors per year, of which approximately 100,000 attendees stay overnight from events programmed at the facility and approximately 400,000 people visited for the day from out of town. Of the 200 events programmed at the facility, three to five of the events are sporting events in the exhibit hall, in a given year.

The following image a volleyball court setup at the Wisconsin Center.

Figure 8-4



The Wisconsin Center is able to install 32 volleyball courts inside the exhibit hall. In addition to volleyball, the center also programs gymnastics at the facility. Below are the four sporting events programmed at the facility in 2017.

- **Junior Volleyball Association 2017 Milwaukee Jamboree.** This jamboree is scheduled for two-days in February and averages more than 200 teams per year.
- **2017 Badger Region Championships.** This volleyball tournament sanctioned by the Badger Region is a three-weekend event and averages more than 500 teams per year.
- **Wisconsin Juniors Volleyball 2017 Winter Classic.** This tournament is held for two-days in January and has more than 50 teams participate each year.
- **2017 USA Gymnastics Championships.** The Wisconsin Center was awarded the 2017 USA Gymnastics Championships. This six-day event expects more than 1,800 participants in acrobatic gymnastics, rhythmic gymnastics, and trampoline and tumbling.

### UW Health Sports Factory – Rockford, IL

The city of Rockford, Illinois is actively taking steps to reestablish its downtown as a destination for robust economic activity, and as a catalyst to improve the community's economic health, quality of life and grow the identity of Rockford. In addition to other development projects such as a downtown hotel, downtown residential units and retail/restaurant storefronts, the city of Rockford purchased the Ingersoll manufacturing building in 2002 for approximately \$2 million and later identified it as a venue to repurpose into an indoor sports complex. The planned sports complex is anticipated to be a catalyst to the revitalization along the east bank of the Rock River.

The UW Health Sports Factory is a 108,000-square foot indoor sports facility which opened in May of 2016. Owned by the City of Rockford, the \$24.4 million facility is operated by the Rockford Park District. In 2016, the City of Rockford agreed to sell the naming rights for \$1.9 million to UW Health and is now called the UW Health Sports Factory. UW Health agreed to pay a base of \$175,000 per year for ten years (with escalators following the consumer price index) to the Park District.

The following figure is a rendering of the outside of the UW Sports Factory along the Rock River.

Figure 8-5



The UW Health Sports Factory offers 96,000 square feet of hard court surface, which includes 16 volleyball courts (two being championship courts), eight basketball courts (one being a championship court), 16 wrestling mats, 42 pickleball courts, seating for up to 3,700 spectators, five meetings rooms and trade show space. Also included in the 108,000 square feet, is an event plaza, restaurant/bar and a riverfront boardwalk.

UW Health Sports Factory is intended to accommodate local groups, leagues and use, while offering tournament level facilities to host and attract larger regional and national tournaments. Prior to opening in May of 2016, UW Health Sports Factory staff had pre-booked more than 25 event days from the middle of May till the end of 2016. Rockford Hoops, which offers youth basketball tournaments, had more than 5,600 teams from ten states and three countries last year and will be using UW Health Sports Factory as the home for all tournaments. In addition to these tournaments, the Rockford Park District offers adult and youth volleyball leagues, lessons and camps all year around and will be using the UW Health Sports Factory.

The following figure shows the basketball courts with volleyball nets at the UW Health Sports Factory.



Figure 8-6



## Demand Analysis

For any premier sports complex, the highest impact usage will be from tournament organizers or organizations hosting state, regional and national events. HSP contacted various groups and stakeholders in the area that represent competitive and recreational sports organizations, state association representatives, event organizers and other demand generators. In addition, this section includes information gathered about the current issues, challenges and suggestions for how the facilities at AEC can be improved to better serve the needs of the sports industry.

The following section summarizes findings and suggestions based on interviews and other primary and secondary research. The findings drive the implications and the recommendations for renovations and/or additions to AEC.

## Basketball

HSP spoke with the Governor of Girls' Basketball and the District Sports Director Boys' Basketball for Wisconsin AAU, and received the following feedback about the Project and the region in general.

- Basketball is a very popular sport in Wisconsin and the state does not lack a supply of indoor basketball facilities.
- For AAU Basketball, cost at AEC has played a factor for deterring the AAU from programming tournaments at AEC. AAU representatives suggested that the AEC should consider buying a trailer to store youth sports flooring on-site.
- The majority of high caliber AAU tournaments in the state are organized by AAU Clubs. Typically, these AAU Clubs already own their own facilities and spread tournaments across multiple venues.

- For AAU tournaments to be feasible at AEC, financial support from the sports commission is needed. The sports commission should assist the event organizers with event costs and the rental costs for the sport floors. Additionally, the sports commission should work with hoteliers to create event hotel rates.
- An ideal facility would have at least six to eight courts to host tournaments, with additional space around the court for referees and spectator seating. The AEC's Exhibition Hall can physically accommodate six to eight courts, however, rental costs deter the AAU from doing so as the AEC does not have any courts on-site.

## Volleyball

HSP spoke with the Director of Operations for Badger Region Volleyball, which is one of the 40 regions of USA Volleyball. The Badger Region is the Wisconsin chapter of USA Volleyball and has more than 12,000 members. Of the 40 total regions of USA Volleyball, the Badger Region is the tenth largest region with 150 clubs and has experienced a three to four percent growth per year. The comments received during the conversation are highlighted below.

- The majority of the events/tournaments are run by the clubs. Clubs are utilizing few sport-related facilities and multiple high schools and colleges for their tournaments.
- In the Wisconsin region, there is a lack of facilities that are larger than eight courts. From this lack of supply, many clubs and organizations are programming tournaments at multiple facilities.
- The AEC could be a great option for clubs/organizations to use and keep all games under one roof, however, the rental pricing does not make it feasible.
- The Badger Region Championship is programmed at the Wisconsin Center and utilizes more than 188,000 square feet. 32 volleyball courts are installed at the center for a three-weekend tournament that sees more than 500 teams. The court rental fees total approximately \$20,000 per weekend. The event is coordinated by the Milwaukee CVB, which also assists in getting room blocks.
- For tournaments at AEC, there is ample space to program volleyball tournaments, but the food and the housing situation is a problem. Although the food and housing situation has been getting better recently, it still presents challenges for the Badger Region. Badger Region sanctioned events would potentially utilize the coliseum for a championship event.

## Hockey

HSP interviewed the Assistant Hockey Director for Wisconsin Interscholastic Athletic Association (WIAA). The WIAA is the regulatory body for all high school sports in Wisconsin. Feedback from the conversation follows.

- The WIAA has been a long-time user of AEC to host its state hockey tournament. The coliseum has adequately served them.
- State tournament draws approximately 13,500 people over three days – 12 teams – steady decrease in attendance over the years and can likely be attributed to the facility



- WIAA had some coliseum facility issues about six-years ago and would like to see improved locker rooms, and improved internet connectivity for live video replay and streaming.
- On ice Zamboni work and quality of the ice is excellent
- Hockey teams choose their own hotels and hotel properties have adequately served them to this point
- The AEC recently invested in new boards allowing for hits to take place
- We are now in the age of video replay – WIAA currently brings in 3<sup>rd</sup> party group to do this

## Wrestling

HSP interviewed the Tournament Director for the Wisconsin Wrestling Federation. The Wisconsin Wrestling Federation has hosted events/tournaments at AEC since 2001. Currently, the Folkstyle State Championship is held in the Coliseum at AEC. The conversation is summarized and implications are shared in the following list.

- Wisconsin Wrestling Federation is able to install 16 circles on the wrestling mats throughout the Coliseum floor for the Folkstyle State Championship.
- Participation for the state championship at the Coliseum is 1,500 competitors. Friday night features the older-aged groups, and younger groups compete on Saturday morning.
- Overall, AEC is a quality venue for the state championship; however, increasing the Wi-Fi upload speed would allow for live updates and internet video streaming
- More than half of the participants and spectators stay overnight for two-days. The hotel and dining options in Madison have been adequate, but not ideal. Clubs will make reservations ahead of time on their own.

## Conclusion

Based on the analysis, the AEC will likely only compete with dedicated youth sports complexes, exhibition halls and convention facilities throughout the region to attract major youth sporting events. AEC features both the 100,000-square foot Exhibition hall and the Veterans Memorial Coliseum; both of which are capable of hosting state and regional events. Based on feedback from major user groups and local stakeholders, the overall experience with hosting events at the AEC is positive, however, facility rental fees are deterring additional event organizers from hosting events at the AEC. Additionally, the lack of on-site sport court flooring has deterred organizations such as the AAU from hosting major events at the AEC. Limited Wi-Fi and streaming capabilities were also a constant conversation point among user groups. AEC offers the facilities necessary to be a major regional player in the youth sport landscape. Currently, due to the cost, logistical challenges, and lack of amenities, both in the facility and surrounding the complex, the venue is not attracting the major sporting events that generate significant room nights and fiscal impact within the community. Minor improvements and an increased marketing effort could have a major impact on the AEC's ability to host impactful youth sporting events.

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## HOSPITALITY MARKET ANALYSIS

This chapter includes a review of national hotel trends as well as an in-depth analysis of two competitive sets of hotels in Madison, Wisconsin.

### National Hotel Market Trends

National hotel market trends are important to the development prospects of any hotel project, whether it involves macro supply and demand issues, amenity trends, financing or other trends impacting the industry.

The following table shows selected characteristics of the U.S. lodging industry from 1992 through 2015.

Table 9-1

National Lodging Industry Annual Summary						
Year	Occupancy	Change	Average Daily Rate	Change	Revenue per Available Room	Change
1992	61.9%	--	\$59.62	--	\$36.90	--
1993	63.1%	1.9%	\$61.30	2.8%	\$38.68	4.8%
1994	64.7%	2.5%	\$64.24	4.8%	\$41.56	7.4%
1995	65.1%	0.6%	\$67.17	4.6%	\$43.73	5.2%
1996	65.0%	-0.2%	\$70.81	5.4%	\$46.03	5.3%
1997	64.5%	-0.8%	\$75.31	6.4%	\$48.57	5.5%
1998	63.8%	-1.1%	\$78.15	3.8%	\$49.86	2.7%
1999	63.1%	-1.1%	\$81.29	4.0%	\$51.29	2.9%
2000	63.5%	0.6%	\$85.24	4.9%	\$54.13	5.5%
2001	59.8%	-5.8%	\$84.45	-0.9%	\$50.50	-6.7%
2002	59.0%	-1.3%	\$83.20	-1.5%	\$49.09	-2.8%
2003	59.2%	0.3%	\$83.28	0.1%	\$49.30	0.4%
2004	61.3%	3.5%	\$86.70	4.1%	\$53.15	7.8%
2005	63.1%	2.9%	\$91.29	5.3%	\$57.61	8.4%
2006	64.2%	1.7%	\$96.77	6.0%	\$62.13	7.8%
2007	64.1%	-0.2%	\$102.38	5.8%	\$65.63	5.6%
2008	60.4%	-5.8%	\$106.55	4.1%	\$65.61	0.0%
2009	54.5%	-9.8%	\$98.20	-7.8%	\$53.55	-18.4%
2010	57.6%	5.7%	\$98.08	-0.1%	\$56.47	5.5%
2011	60.1%	4.3%	\$101.64	3.6%	\$61.06	8.1%
2012	61.4%	2.2%	\$106.10	4.4%	\$65.17	6.7%
2013	62.3%	1.5%	\$110.35	4.0%	\$68.69	5.4%
2014	65.0%	4.3%	\$115.26	4.4%	\$75.66	10.1%
2015	65.6%	0.9%	\$120.01	4.1%	\$78.67	4.0%
<b>Avg. Annual Growth Rate</b>		<b>0.31%</b>		<b>3.14%</b>		<b>3.52%</b>

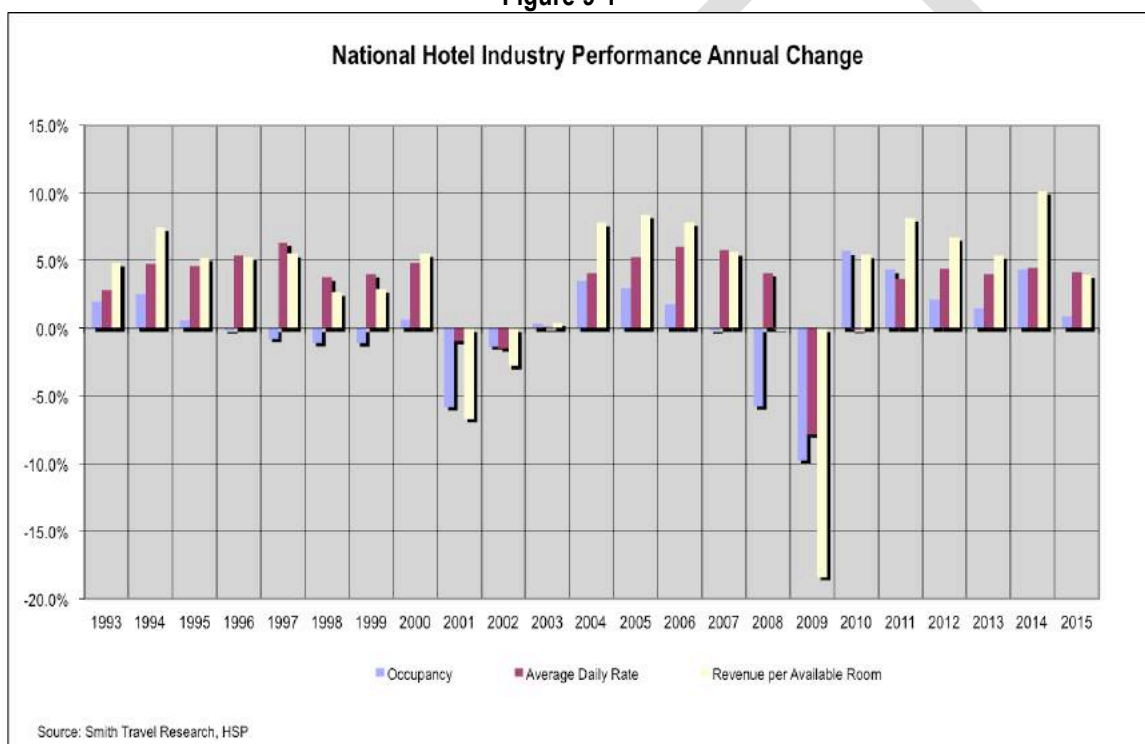
Source: Smith Travel Research, HSP

Occupancy peaked at an all-time high of 65.6 percent in 2015. It steadily decreased to 59.0 percent following 9/11, and then rose again to peak at 64.2 percent in 2006. The latest recession was the most severe recorded in the hotel industry post-Depression. Occupancy decreased to 54.5 percent, a 15 percent (nearly ten percentage point) decline. ADR peaked at \$120.01 in 2015. Occupancy started to increase in 2010 and rates began to increase as well.

Performance in 2012 showed continued improvement, with occupancy at 61.4 percent, a 2.2 percent increase from 2011 and a \$106.10 ADR, four percent higher than 2011. Data from 2013 and 2014 shows continued improvement of the ADR over the 2012 figure. 2015 saw significant growth in all area trends from 2013.

The figure below depicts the aforementioned data in graph form, highlighting the annual change in performance statistics.

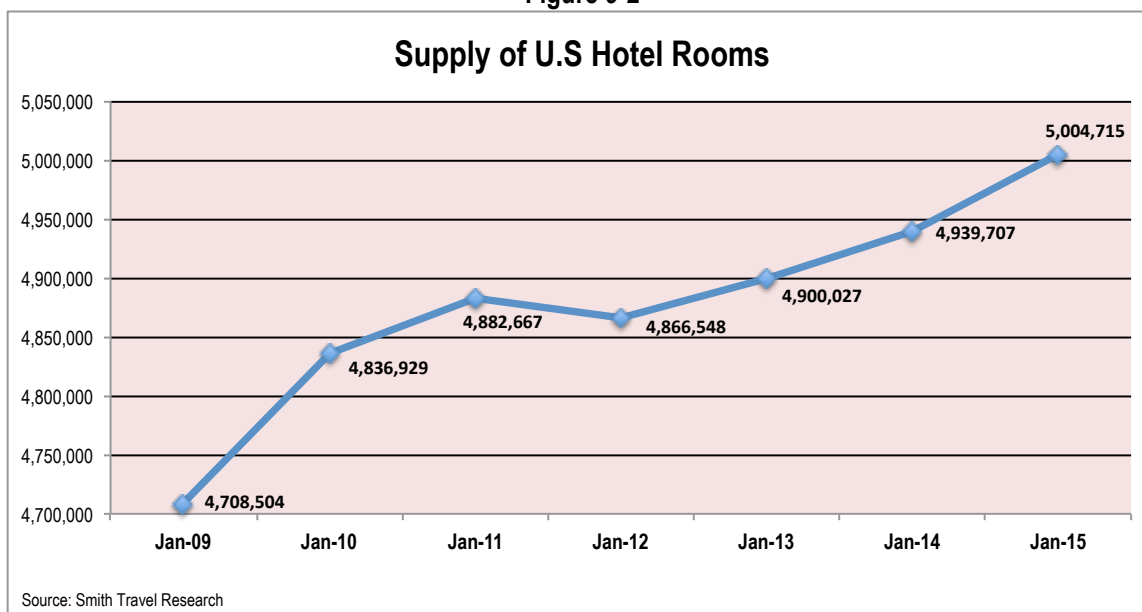
Figure 9-1



Performance in 2015 significantly improved from the drastic decline in 2009. As the above graph indicates, from 1996 through 1999, and again in 2007 and 2008, ADR increased even when occupancy declined. This speaks to the concept of maximum practical occupancy. At a certain average occupancy, enough “sold-out” dates exist, which can create enough demand pressure to raise rate.

The following chart shows the trend of the U.S. hotel room supply between January 2009 and January 2015.

Figure 9-2



As shown above, the U.S. supply of hotel rooms has increased from approximately 4.7 million rooms in January 2009 to more than five million rooms in January 2015. Of the seven years shown, the only decrease in the supply of hotel rooms in the U.S. hotel market was between 2011 and 2012. This growth rate was less than one percent per year, which was outpaced by demand growth, which is why occupancy has increased and rates followed.

The total active pipeline data includes projects in the planning, final planning and under construction stages, but not those in the pre-planning stage. The 'in-planning' stage is defined as projects where an architect or engineer have been selected, and plans are in process where initial approvals have typically been granted. 'Final planning' is defined as the stage where the project has gone out for bids, or construction is expected to begin within four months. 'Pre-planning' is defined as the period before an architect has been selected.

The following table shows the number of existing hotel rooms, rooms under construction and rooms in the active pipeline as of April 2016 sorted by chain scale.

**Table 9-2**

U.S. Active Pipeline by Chain Scale As of April 30, 2016						
Chain Scale	Preliminary Existing Supply	Year Over Year Percent Change	Rooms Under Construction	Year Over Year Percent Change	Total Active Pipeline	Year Over Year Percent Change
Luxury	109,017	2.5%	7,880	47.2%	12,651	31.4%
Upper Upscale	582,675	1.0%	14,965	7.9%	42,332	22.0%
Upscale	678,763	5.8%	55,994	1820.0%	145,049	10.4%
Upper Midscale	899,537	2.4%	52,934	45.0%	170,725	23.2%
Midscale	473,378	-0.3%	6,316	25.6%	31,925	15.4%
Economy	782,568	-0.1%	1,276	94.8%	4,731	41.2%
Unaffiliated	1,536,787	-0.3%	21,649	29.4%	98,587	2.4%
<b>Total</b>	<b>5,062,725</b>	<b>1.2%</b>	<b>161,014</b>	<b>28.3%</b>	<b>506,000</b>	<b>14.6%</b>

Source: Smith Travel Research

Between May 2015 and April 2016, the hotel industry increased its total year over year supply for the sixth consecutive year. This increase equated to a 1.2 percent increase, resulting in more than 50,000 rooms. Among the chain scale segments, the upscale segment expanded the most during this period, increasing by 5.8 percent over the prior year. As of the end of April 2016, more than 161,014 hotel rooms were under construction, and there were more than 506,000 rooms in the active development pipeline.

### Largest Hotel Groups

One of the continuing trends of the past decade has been the growth of hotel parent companies to create and expand brands into every niche, including extended stay, boutique, fractional and the like. These companies typically do not own their hotels but brand and franchise them and provide the support, advertising, group sales and other services for the hotel owners. These companies charge fees to the hotel owners for the licensing and franchise privileges.

The following table following shows the top 10 hotel groups in the world, by number of rooms as of September 2015.



**Table 3-3**

Ten Largest Global Hotel Groups by Room Count - As of September 2015							
Rank	Company	Existing			Pipeline		
		Hotels	Rooms	Rooms/Hotel	Hotels	Rooms	Rooms/Hotel
1	Marriott International/Starwood Hotels & Resorts	5,456	1,071,096	196	2,101	37,300	18
2	Hilton Worldwide	4,480	737,922	165	1,555	260,000	167
3	InterContinental Hotels Group	4,963	726,876	146	1,319	217,709	165
4	Wyndham Hotel Group	7,760	671,900	87	910	122,800	135
5	Jin Jiang International/Plateno Hotels Group	6,000	640,000	107	--	--	--
6	Choice Hotels International	6,379	504,357	79	638	--	--
7	Accor	3,815	500,366	131	--	162,000	--
8	Best Western Hotels & Resorts	3,903	303,768	78	490	48,540	99
9	Homeinns Hotel Group	2,787	311,608	112	235	--	--
10	Carlson Rezidor Hotel Group	1,092	172,234	158	280	50,150	179
	--	<b>46,635</b>	<b>5,640,127</b>	<b>121</b>	<b>7,528</b>	<b>898,499</b>	<b>119</b>

Source: HNN

As shown in the table above, Marriott International/Starwood Hotels & Resorts is the largest group in the world, with nearly 5,500 hotels and more than one million rooms. In 2015, Marriott completed its acquisition of Starwood Hotels, creating the world's largest hotel company. Hilton Worldwide Hotel Group is second with nearly 738,000 rooms. The brands with the largest and smallest hotels on average are Marriott/Starwood and Best Western with 196 and 78 rooms per hotel, respectively. Collectively, these top ten hotel groups account for more than 5.6 million hotel rooms across the globe, and they have an average hotel size of 121 rooms.

### Development and Financing

The hotel development pipeline had been robust until 2008, when the credit crisis hit and real estate across all sectors declined. This made credit more expensive, and the combination of lack of funds and poor market performance essentially stopped new developments in 2009.

Since 2009 credit has loosened for hotels, and more loans were made for the hospitality sector beginning in 2012. Currently the market is extremely strong and funding (both equity and debt) is more widely available. Demand outpaced supply for so many years during the recession and has continued to outpace supply growth since, such that new hotel development continues to be feasible in many markets.

The loan-to-value ratio (LTV) is an important measure of the amount of risk that banks are willing to undertake for real estate investments. Historically, hotels have exhibited a higher risk level in the eyes of lenders, and have therefore required a substantial equity investment. However, "cookie-cutter" branded, franchised prototype projects at interstate locations, which are very predictable to bankers in terms of safety and profitability, have achieved loan-to-value rates of up to 90 percent.

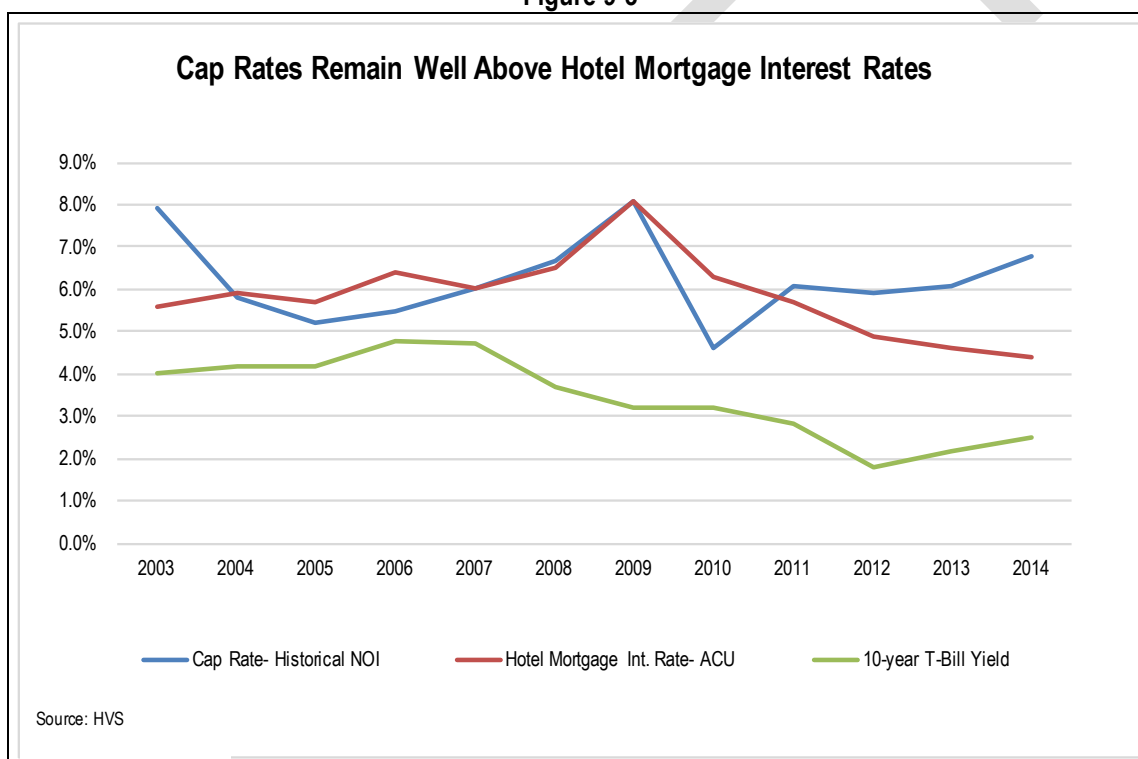
As the performance of hotels has improved, banks are comfortable approving higher loan amounts relative to the value of the project. At its peak in 2005, the LTV was nearly 70.6 percent on average. It decreased to 60 percent in 2008 and has been slowly recovering since that time, reaching closer to 70 to 75 percent in 2016.

## Hotel Financing Market

In order to understand the current market for financing new hotel development, HSP reviewed the latest market statistics provided by HVS, Inc. for debt, equity, cap rates and other key metrics used to value hotel projects.

The next figure shows cap rates, hotel mortgage interest rates and the ten-year T-Bill Yield. The cap rate is the rate of return on real estate that is purchased as an investment property and is based on the amount of income a property is expected to generate. The ten-year T-Bill is the standard measure by which all real estate assets are measured. Since the assumed asset “holding” period in any appraisal is ten years, the ten-year Treasury Bill Yield represents the safest assumed investment one could make. Relative to real estate, it is the least risky and has the lowest return and serves as a bottom benchmark for return. The riskier the real estate, the higher the cap rate and interest rates will be above the ten-year T-Bill.

Figure 9-3



As shown above, the cap rates have been higher than the mortgage interest rate since 2011. This suggests that one can borrow money at a lower rate for an asset than its implied return. That positive arbitrage indicates that the basic fundamentals of hotels are positive for investment. When it costs more to borrow money than the implied risk/return indicated by the cap rate, the math for investors is more difficult to support. Perhaps as important is the spread between the ten-year T-Bill and the cap rate. In 2014, this spread was more than 400 basis points (4.0 percentage points), suggesting that there is substantial yield to be gained from a hotel asset versus investing in T-Bills, which returned only 2.5 percent at that time. The tightening of interest rates to the ten-year T-Bill means that investors can borrow at lower and lower rates relative to the

lowest possible rate, and still make increasing yields. For the layperson, these figures suggest a very strong incentive to invest in hotels, especially compared with the period of 2005 through 2010.

## Development Costs

The following table shows the most currently available hotel development cost data for the various quality segments of hotels for 2015/16 period. These figures are critical when considering which type of hotel to develop. Since the data is sorted and averaged by HVS prior to appearing in the table, the totals do not match the medians and averages for each type of property.

**Table 9-4**

2015 - 2016 Hotel Development Cost Survey Per-Room Averages						
	Land	Building and Site Improvements	Soft Costs	FF&E	Pre-Opening & Working Capital	Total
<b>Budget/Economy Hotels</b>						
Average from Budgets	\$10,900	\$57,100	\$7,800	\$10,200	\$1,600	\$91,200
Allocation	12%	70%	8%	11%	2%	
<b>Midscale Hotels w/o F&amp;B</b>						
Average from Budgets	\$31,000	\$77,000	\$20,200	\$14,800	\$3,500	\$152,900
Allocation	12%	67%	10%	11%	3%	
<b>Extended Stay Hotels</b>						
Average from Budgets	\$20,200	\$83,600	\$17,100	\$15,900	\$3,200	\$147,800
Allocation	11%	66%	10%	12%	2%	
<b>Midscale Hotels W/ F&amp;B</b>						
Average from Budgets	\$39,700	\$117,600	\$29,400	\$17,000	\$6,600	\$201,300
Allocation	15%	62%	13%	10%	3%	
<b>Full-Service Hotels</b>						
Average from Budgets	\$45,700	\$154,900	\$13,000	\$28,300	\$13,600	\$330,900
Allocation	11%	64%	12%	11%	3%	
<b>Luxury and Resorts</b>						
Average from Budgets	\$116,600	\$294,500	\$85,900	\$51,000	\$22,900	\$633,400
Allocation	18%	60%	14%	9%	4%	

Source: HVS

Costs per room vary drastically depending on the chain scale, from a budgeted average of \$91,200 for economy properties up to \$633,400 for luxury properties. For most developments, the question is whether or not the ADR is greater than the cost per room to build.

A typical accepted rule of the thumb in the hotel industry is that the ADR multiplied by 1,000 will give a developer a sense of what hotel cost/room the market will support. For example, a hotel expected to perform at \$125 per night on average could be developed for approximately \$125,000 per room.

## Other Trends of Note

Several other trends have been occurring in the industry over the past several years. These include:

- **Brands Multiply.** Worldwide, the expansion of brands continues to change the face of the competitive environment. Major brands are competing fiercely, as they are eager to show

earnings growth and increased market share to Wall Street. Using multiple brand families clustered in the same corporate structure, proprietary reservation systems and corporate programs all work in tandem to drive business. Comparing profit potential of a branded hotel to one without a brand is becoming a serious consideration for hotel owners. At the same time, the increased proliferation of brands means that fewer independents struggle for fair share, and they are using price as the preferred strategy to drive demand.

- **Companies Consolidate.** The buyout/merger of Marriott and Starwood represents the high-water mark of many brands and companies consolidating. In the past several years, many hotel companies have merged in order to improve their scale and marketplace power, as well as take advantage of the current market dynamics. Chinese buyers have also been exerting their influence with the purchase of many hotels and hotel companies.
- **Boutique Brands.** This seemingly incongruous phrase is a trend occurring in the industry. The largest brands have run out of market segments to fill, so they are seeking the last bastion of the industry: independent boutique hotels. By creating a boutique “collection” or also known as a “soft brand” that can benefit from (and provide distribution to) the primary brand family, both the hotel and brands can prosper. For example, with all traditional niches covered, Marriott has now entered the boutique market with the Autograph Collection. These hotels are not owned or operated by Marriott, and do not even carry a Marriott brand, per se, but use the Marriott reservation system to route travelers to these formerly independent hotels. Guests benefit by getting their Marriott points and expectation of high quality standards they have come to expect with the Marriot brand. Hilton has also entered the boutique market with a new “soft brand” called Canopy and a new collection of formerly independent upscale hotels called the Curio Collection. Intercontinental Hotel Group purchased boutique hotel company Kimpton, expanding their profile beyond Intercontinental and Holiday Inns. Starwood has launched the Tribute brand, which is basically the same type of boutique hotel collection as Curio and Autograph. And finally, Choice Hotels has also entered into this new phase of “soft branding” with their Ascend Collection.
- **Shared Spaces and Home/Apartment Rentals.** The advent of Airbnb has transformed the lodging industry in the past few years, much as Uber and Lyft have done with the hired car industry. Home and apartment rentals through VRBO, Homeaway, Airbnb add inventory to many compressed and expensive markets. In some places like San Francisco, Silicon Valley and New York, residents rent their homes to travelers in order to pay the rising cost of rent. High rates of hotel occupancy and rising rates have made these options viable for travelers and residents. There have been consequences for both the affordable housing market and the hotel market, although these are generally only material in extremely expensive markets or when a major event (like a Super Bowl) occurs. Many of these “homes” are located in residential communities, and local neighbors and nearby residents are beginning to express negative feedback and concerns over these short-term rentals. As a result, communities and municipalities have recently begun to put rental restrictions on these types of homes by imposing minimum and maximum stay requirements and taxes on earned income.
- **Global Travel and the Impact of Energy Prices and Economic Conditions.** The large fluctuations in oil and fuel costs have a continual impact on travel and will continue to be a major factor in the coming years.

- **Green Policies.** Requirements, both by law and the guests, on businesses enforcing green practices are becoming tougher to comply with, and are even becoming a demand driver. Eco-consciousness is a popular trend among new generations and, suddenly, energy systems, insulation, produce origin and even amenities become differentiation factors. Hotels can capitalize on the environmentally sensitive customers by adapting sustainability practices such as Element by Starwood has done.
- **Distribution.** The increase in booking travel via the Internet has been a major trend in the industry for more than a decade, with a majority of booking research done online and more than one-third of revenue booked online. This has brought transparency and increased competition to the market, and all players with a solid Internet and distribution strategy are able to compete effectively. Third party websites, smartphones and available applications are rapidly becoming a key factor in every travel stage by easing access to planning and booking tools that ease the customers' experience. Travelers expect a more informed and collaborative travel experience, especially driven by evolving smartphone functionality. Hotel companies are creating property-specific websites to differentiate each property and reach more markets and traveler segments than a corporate single format website.
- **Technology.** The rapid advance of technology means hotels have to continually keep up with the expectations of their guests. With multiple wireless devices, guests expect a high-speed wireless network throughout the hotel that will allow them to use their smartphones, tablets and laptops without connectivity issues. In-room movies via Lodgenet can now be controlled via an application on a guest's smartphone. Many hotels have begun to introduce in-room iPads that allow concierge services, room service, check out, entertainment and other items to be taken care of directly from the device.
- **Social Media, Crowd-Rating and Mobile Connectivity.** The rise of social media and user-based ratings have had a direct impact on hotel booking decision-making. Sites like Trip Advisor allow users to rate and comment on hotels directly on the website, which allows potential customers to determine if they will select that hotel. Hotels have to be incredibly proactive and reactive to comments posted on Twitter, Facebook, TripAdvisor and ratings sites, including online travel agencies. Approximately one in three business travelers has rated an establishment. Mobile connectivity, as mentioned above, has become a crucial factor in a traveler's experience. Mobile-friendly websites and mobile applications are the most used medium for corporate travelers. Approximately 70 percent of travelers use applications to check in to flights and/or hotels, while one in four hotel queries come from a mobile device.
- **Demographics.** Two major demographic shifts marked the beginning of positive growth in the hotel business. The first is that both baby boomers and millennials emerged as the target market for luxury consumption. The baby boomer generation became a target audience due to the large amount of disposable income and nest egg capital they accrued, thereby allowing them to travel in large numbers for the next decade. Millennials are the second demographic group tapped as an up-and-coming luxury consumer group affecting the industry, and being targeted by the industry itself with marketing strategies that are different from its preceding groups. Millennials are drawn to entertainment, technology and accessibility. Secondly, the BRIC economies, (Brazil, Russia, India and China) have exploded in their economic power over the past several years. This has led to a massive increase in the middle classes in these nations, and these populations are traveling in increasing numbers.

## MADISON HOTEL MARKET

The following table shows a summary of the hotel chain scales located within five miles of the Alliant Energy Center in Madison.

**Table 9-5**

<b>Lodging Summary: Madison</b>						
<b>Chain Scale</b>	<b>Rooms</b>	<b>% of Total Rooms</b>	<b>Hotels</b>	<b>Rooms per Hotel</b>	<b>Avg. Opening Year</b>	<b>Avg. Age in Years</b>
Luxury	--	--	--	--	--	--
Upper Upscale	479	13%	2	240	Oct-86	30
Upscale	765	21%	5	153	Jun-77	39
Upper Midscale	906	25%	7	129	Mar-01	15
Midscale	229	6%	3	76	Dec-05	11
Economy / Independent	1,182	33%	14	84	Oct-88	28
<b>Total / Average</b>	<b>3,561</b>	<b>100%</b>	<b>31</b>	<b>115</b>	<b>Mar-92</b>	<b>24</b>

Source: Smith Travel Research, Hunden Strategic Partners

More than 3,500 rooms between 31 properties are located within five miles of the Alliant Energy Center. Nearly half of the hotel rooms are in the Upscale and Upper Midscale Classes, which account for 46 percent of the rooms in this market. The average age of the properties is 24 years, with averages for individual classes ranging from 11 to 39 years.

The following table summarizes all hotels within five miles of the Alliant Energy Center sorted by number of rooms.



**Table 9-6**

<b>Madison Hotel Supply</b>			
<b>Property Name</b>	<b>Rooms</b>	<b>Chain Scale</b>	<b>Open Date</b>
Madison Concourse Hotel	367	Independent	Jun-74
Hilton Madison Monona Terrace	240	Upper Upscale	Feb-01
Sheraton Hotel Madison	239	Upper Upscale	Jun-72
Best Western Premier Park Hotel	214	Upscale	Jun-63
The Edgewater	202	Independent	Sep-14
Hampton Inn & Suites Madison Downtown	194	Upper Midscale	Oct-13
Best Western Plus InnTowner Madison	176	Upper Midscale	May-84
AC Hotels by Marriott Madison Downtown	165	Upscale	U/C
DoubleTree Madison	163	Upscale	Oct-74
Hyatt Place Madison Downtown	151	Upscale	Apr-10
Clarion Suites @ The Alliant Energy Center Madison	140	Upper Midscale	Jun-01
Holiday Inn Express & Suites Madison Central	111	Upper Midscale	Nov-14
Wyndham Garden Hotel Madison Fitchburg	107	Upper Midscale	Sep-00
The Fluno Center	100	Independent	Mar-00
Comfort Inn Madison Downtown	91	Upper Midscale	Jan-96
Sleep Inn & Suites Madison	89	Midscale	Aug-09
Super 8 Madison South	88	Economy	Mar-89
Americas Best Value Inn Madison	88	Economy	Jun-73
Country Inn & Suites Madison	87	Upper Midscale	May-97
Candlewood Suites Fitchburg	79	Midscale	Jul-07
Graduate Hotel Madison	72	Upscale	Jun-61
Days Inn Madison Southeast	64	Economy	--
AmericInn Madison Monona	61	Midscale	Nov-00
The Wisconsin Union Hotel Madison	60	Independent	Apr-11
HotelRED	48	Independent	Aug-11
University Inn	45	Independent	Jun-60
Aloha Inn	39	Independent	Jun-69
Capitol Motel	31	Independent	--
Americas Best Value Inn Madison Mayflower	25	Economy	--
Hotel Ruby Marie	15	Independent	Jun 1873
Mansion Hill Inn	10	Independent	Jun-83

Source: Smith Travel Research

The hotels surrounding the Alliant Energy Center range in size from ten rooms at the Mansion Hill Inn to the 367-room Madison Concourse Hotel. Eight hotels have opened in the last ten years, adding 934 hotel rooms to the market. The Holiday Inn Express & Suites Madison Central is the newest hotel in the city, opening in November 2014. The AC Hotel by Marriott Madison Downtown, which is currently under construction, and projected to in May 2017, will add 165 rooms to the Upscale Class.

## Madison Competitive Sets

In order to best understand the hotel market in Madison, HSP selected two sets of primary competitive and relevant hotels to profile and analyze. The two competitive sets are comprised of the hotels closest to the Alliant Energy Center and hotels in downtown Madison. The primary factors considered were location, function space, quality, amenities, size, brand and market demand mix.

## AEC Competitive Set

The following table shows a summary of the hotels in the AEC competitive set, arranged by distance from the AEC.

Table 9-7

Competitive Hotels - AEC Set				
Property Name	Distance from AEC	Rooms	Chain Scale	Open Date
Clarion Suites @ The Alliant Energy Center Madison	0.2	140	Upper Midscale	Jun-01
Sheraton Hotel Madison	0.5	239	Upper Upscale	Jun-72
Comfort Inn Madison Downtown	0.5	91	Upper Midscale	Jan-96
Holiday Inn Express & Suites Madison Central	0.6	111	Upper Midscale	Nov-14
Country Inn & Suites Madison	3.0	87	Upper Midscale	May-97
Wyndham Garden Hotel Madison Fitchburg	3.5	107	Upper Midscale	Sep-00
<b>Total/Average</b>	<b>1.4</b>	<b>775</b>	<b>--</b>	<b>Feb-97</b>

Source: Smith Travel Research

The six hotels in the AEC competitive set offer a total of 775 rooms. The average age of the hotels in the competitive set is 20 years; however, the Sheraton Hotel Madison has been open for approximately 45 years. Currently, AEC is served by four primary walkable hotels, the Clarion Suites, Sheraton Hotel Madison, Comfort Inn, and Holiday Inn Express. Combined, these four properties offer 581 rooms within close proximity to the AEC, though the Clarion Suites is the only property truly adjacent and/or connected to the complex. Current industry standards suggest that a convention complex should offer 15 walkable hotel rooms per 1,000 square feet of exhibit hall space offered at the facility. With a 100,000-square foot exhibit hall, the AEC, according to industry standards, should offer approximately 1,500 walkable hotel rooms. While this metric is ideal, ten hotel rooms per 1,000 square feet of exhibit hall space would be acceptable. Currently, the AEC offers less than six walkable hotel rooms per 1,000 square feet of exhibit space. The AEC would need to develop more than 400 walkable, adjacent hotel rooms to meet the minimum industry expectations, without considering potential facility expansion. Analysis of the competitive AEC hotel properties indicates that the area is grossly underserved from a hotel perspective.

The following figure shows a map of the AEC competitive hotel set.

Figure 9-4



As previously mentioned, the AEC is served by four primary hotel properties, though the Clarion Suites is the only hotel lodging option on-site. Although the three other hotel properties are located less than half-a-mile from campus, access to the AEC from the Holiday Inn Express, Sheraton, and Comfort Inn presents challenges to attendees due to the activity and traffic occurring at the intersection of John Nolen Drive and Rimrock Road. Hotel walkability and ease of access is a key decision point considered by meeting planners when comparing destinations, and the AEC does not currently meet the expectations of the industry.

The following section profiles each of the hotels in the AEC competitive set.

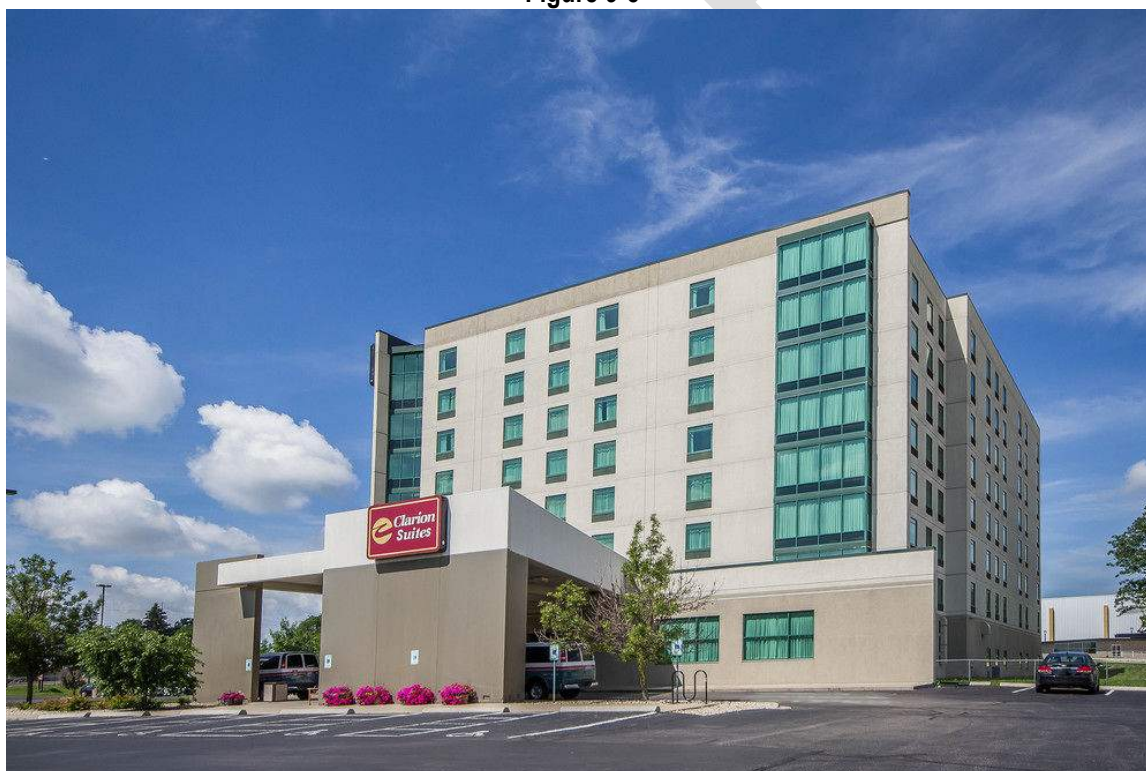
*Clarion Suites at the Alliant Energy Center Madison*

Built in 2001, the Clarion Suites at the Alliant Energy Center Madison features 140 guestrooms and 2,350 square feet of function space in three meeting rooms. The hotel is located at 2110 Rimrock Road, on the southeast side of the Alliant Energy Center, directly connected to the Exhibition Hall through a climate-controlled walkway. The hotel is affiliated with Choice Hotels under the Clarion brand. Improvements at the Clarion over the last six months include new carpeting, new paint, and new best at the property. Additional amenities include an exercise center, indoor pool, whirlpool, a complimentary breakfast, daily social hour and area shuttle.

The hotel has a contract with Dane County that requires the property to maintain a three-diamond rating. Dane County cannot require additional hotel properties on campus unless occupancy at the property is greater than 70 percent for a three-year period. If occupancy exceeds the 70 percent threshold, Clarion ownership has right of first refusal for additional hotel development.

The following figure shows an image of the entrance and exterior of the Clarion Suites at the Alliant Energy Center Madison.

**Figure 9-5**



As of fall 2016, the property had experienced an annual occupancy of approximately 68 percent. Management anticipates this will increase to more than 70 percent in the near future, especially with the increased occupancy at the property due to the opening of the Pavilions in 2014. While there are no current plans to



develop, property management indicated that ownership would likely consider future hotel development if performance continues to improve. Approximately 45 percent of the business at this hotel is generated by the events at the Alliant Energy Center, according to property management. ADR is approximately \$100, with daily rates varying from \$80 to \$130 throughout the year.

### *Sheraton Hotel Madison*

The Sheraton Hotel Madison opened in 1972. The property is located at 706 John Nolen Drive, approximately a half mile northeast of the Exhibition Hall at the Alliant Energy Center. The 239-room hotel is affiliated with Starwood Hotels/Marriott under the Sheraton Brand and managed by the Marcus Hotel Management Company. The property features the Heartland Grill, Harvest Lounge, fitness and business centers, and indoor pool, along with a complimentary area shuttle. The meeting rooms and guest rooms are planned to be renovated in the near future.

The following image is of the entrance and exterior of the Sheraton Hotel Madison.

**Figure 9-6**



The Sheraton Hotel Madison offers approximately 17,500 square feet of total function space, with the Destination Ballroom offering 5,300 square feet in two divisions, and approximately 12,200 square feet of meeting space in 13 rooms. Consistent other hotels in this area, the fall is the busiest season for the Sheraton Hotel Madison. Occupancy was approximately 78 percent for 2016, down just slightly from 2015, according to property management. Corporate transient demand accounts for more than half of the business at the property and groups, of which approximately 50 percent are generated by AEC events, account for approximately 20 percent of total hotel room nights at the Sheraton.

### *Comfort Inn Madison Downtown*

The Comfort Inn Madison Downtown opened in 1996 and is located at 722 John Nolen Drive, approximately a half mile northeast of the Exhibition Hall at the Alliant Energy Center. The 91-room property is affiliated with Choice Hotels under the Comfort Inn brand. The hotel has a business center, an indoor pool with hot tub, an

exercise room and complimentary breakfast. Monday through Thursday the hotel hosts an evening social for their guests for two hours per night.

The following image shows the entrance to the Comfort Inn Madison Downtown.

**Figure 9-7**



The Comfort Inn Madison Downtown does not have any function space.

#### *Holiday Inn Express & Suites Madison Central*

Opened in 2014, the Holiday Inn Express & Suites Madison Central is the newest hotel in this competitive set. The property is located at 610 John Nolen Drive, approximately a half-mile northeast of the Exhibition Hall at the Alliant Energy Center. The hotel offers 111 guest rooms and is affiliated with InterContinental Hotels Group under the Holiday Inn Express brand. The property has an indoor salt water pool, exercise room, a business center, and guest laundry, and offers a complimentary breakfast and local shuttle.

The following figure is an image of the front entrance and exterior of the property.



Figure 9-8



The hotel has one meeting room with approximately 740 square feet, which can accommodate groups up to 40 guests.

### Competitive Set Performance

HSP used Smith Travel Research data to analyze historic performance of the AEC competitive hotel set.

The following table shows the performance data for the *AEC competitive set* of hotels from 2011 through 2015 and YTD September 2016.

Table 9-8

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2011	665	242,725	--	162,734	--	67.0	--	\$91.77	--	\$61.52	--
2012	665	242,725	0.0%	162,693	0.0%	67.0	0.0%	\$96.12	4.7%	\$64.43	4.7%
2013	665	242,725	0.0%	169,100	3.9%	69.7	3.9%	\$98.11	2.1%	\$68.35	6.1%
2014	683	249,435	2.8%	174,563	3.2%	70.0	0.5%	\$104.91	6.9%	\$73.42	7.4%
2015	775	282,875	13.4%	187,130	7.2%	66.2	-5.5%	\$110.23	5.1%	\$72.92	-0.7%
2016 YTD (September)	775	211,575	0.0%	152,185	6.2%	71.9	6.2%	\$114.79	3.9%	\$82.57	10.3%
CAGR* (2011-2015)	4.1%	4.1%	--	3.7%	--	-0.3%	--	5.0%	--	4.6%	--

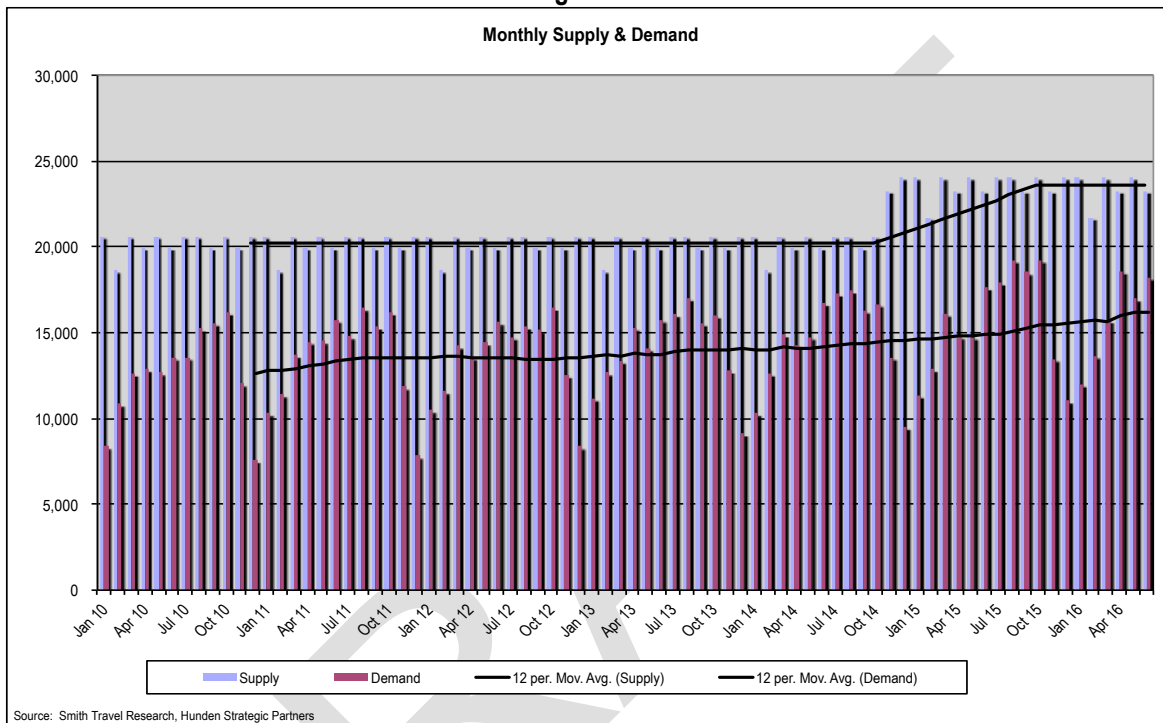
\*Compound Annual Growth Rate  
Sources: Smith Travel Research, Hunden Strategic Partners

While occupancy decreased by 5.5 percent in 2015 as a result of an increase in supply with the addition of the Holiday Inn Express & Suites Madison Central, the occupancy as of YTD September 2016 was 71.9 percent, which is the period high. During this time period, the average daily rate (ADR) has consistently increased, going from \$91.77 in 2011 to \$114.979 in the YTD September 2016 period, an increase of more than \$23. Overall RevPAR has increased by \$21 with a CAGR of 4.6 percent from 2011 to 2015. Analysis of the

performance indicates that the set has not only been able to absorb the new hotel development, but has continued to improve in both occupancy and rate.

The following figure shows the monthly supply and demand trends for the AEC competitive set from January 2010 through September 2016.

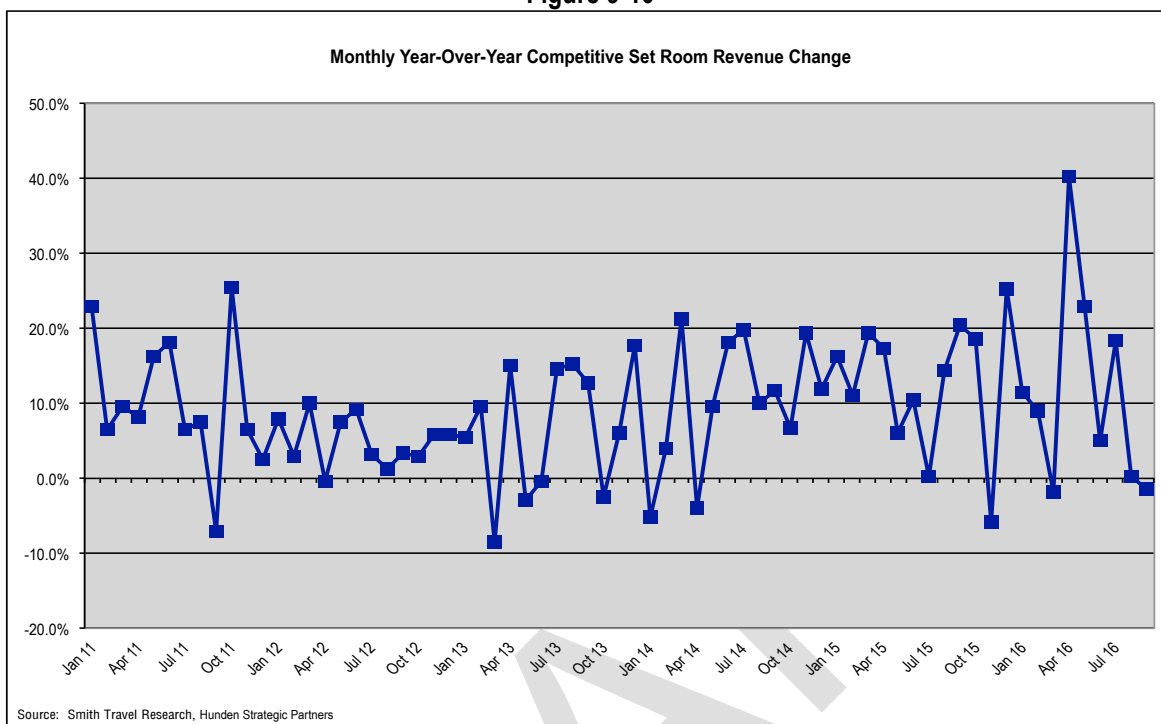
**Figure 9-9**



The average monthly room night supply was constant until late 2014 when supply increased with the addition of the Holiday Inn Express & Suites Madison Central in November. Demand has been consistent with a gradual increase through this seven-year period.

The following figure shows the monthly (year-over-year) room revenue changes by month for the AEC competitive set from January 2010 through September 2016.

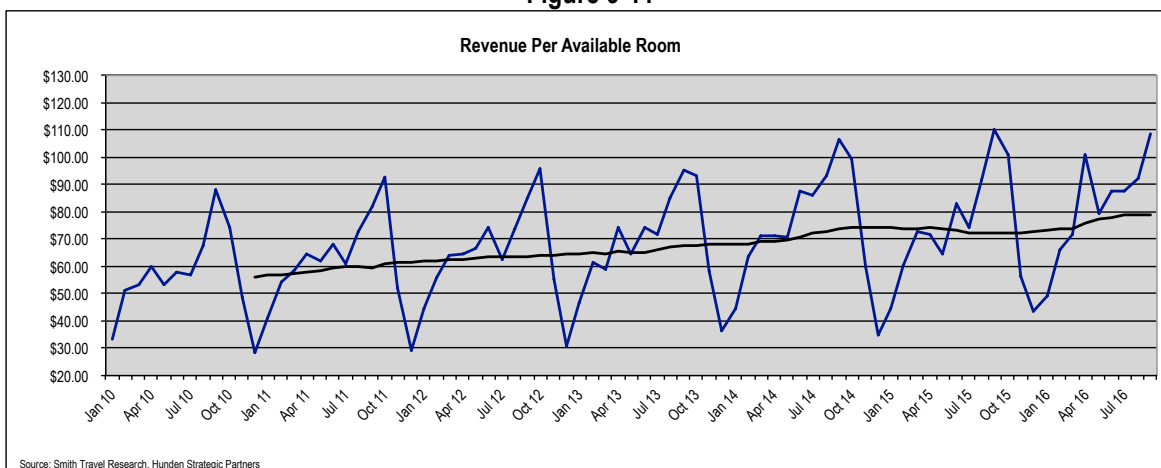
Figure 9-10



Any data point greater than zero is a positive indicator for the competitive set. However, when the prior year's occupancy or revenue is overly high, the next year's year-over-year change is negative, but that does not necessarily mean that demand has decreased overall. As shown, the AEC competitive set's room revenue has been positive for much of this period. Only once has this set been negative for two consecutive months (in mid-2013). The high point of the period (approximately 40 percent growth) was in May 2016.

The following figure shows RevPAR, which is the product of occupancy and rate, for the AEC competitive set from January 2010 through September 2016.

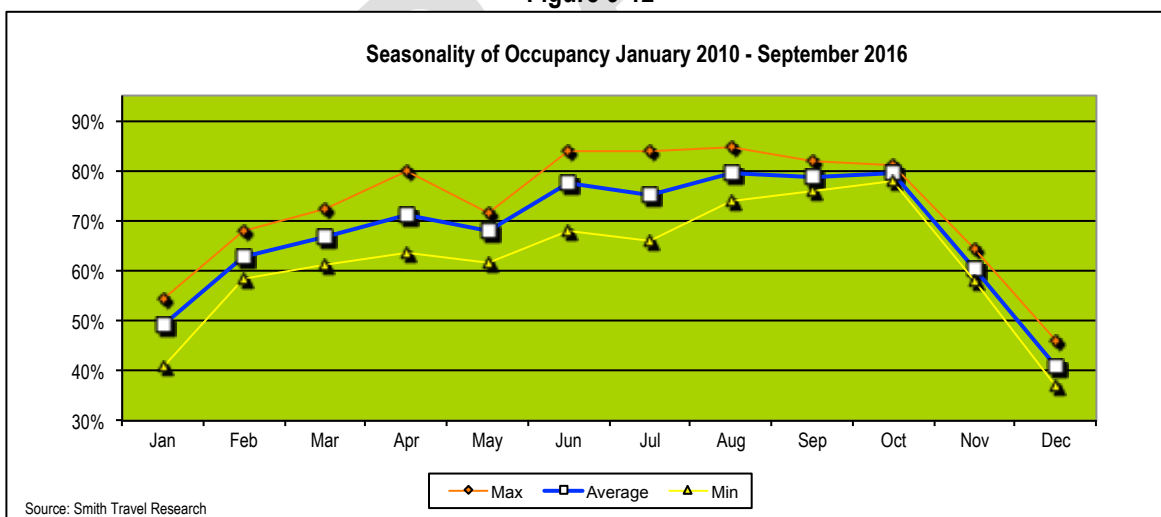
Figure 9-11



The black line above shows the 12-month moving average for the AEC competitive set, which has increased throughout the period with some fluctuations. The figure above shows RevPAR fluctuating seasonally between January 2010 and September 2016. As shown, the 12-month moving average has increased through the period from approximately \$58 to approximately \$70.

The following figure displays the January through December seasonality of occupancy, from January 2010 through September 2016, for the AEC competitive set.

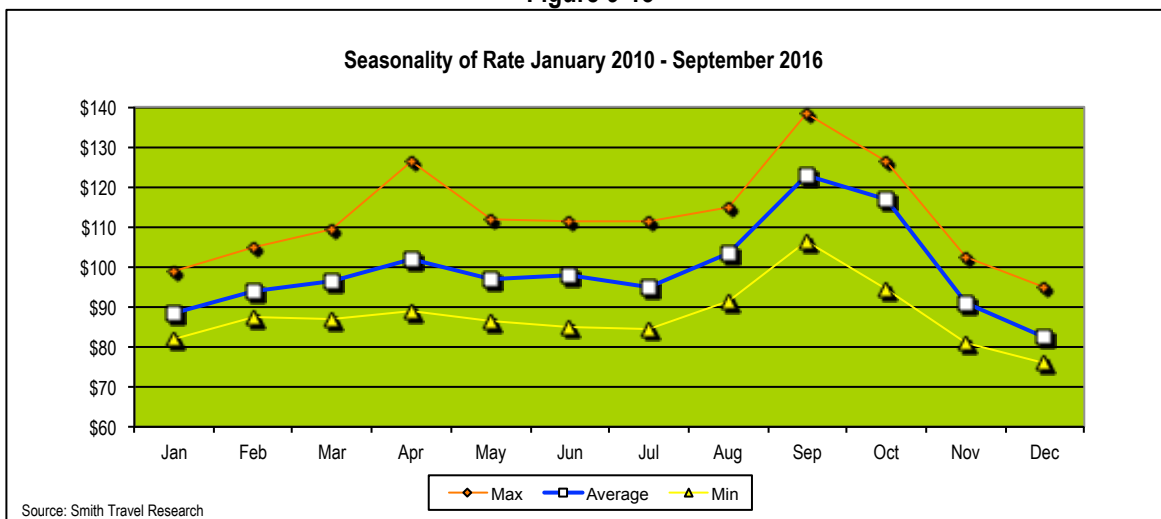
Figure 9-12



As shown above, June through October are the busiest months in the AEC competitive set, averaging more than 75 percent per month. The spring months of March through May average between approximately 65 and 70 percent occupancy. January and December are the slowest months of the year, with approximately 49 percent and 41 percent occupancy, respectively. The AEC competitive set market peaks during the fall.

The following figure shows the January through December seasonality of rate of the AEC competitive set for the period of January 2010 through September 2016.

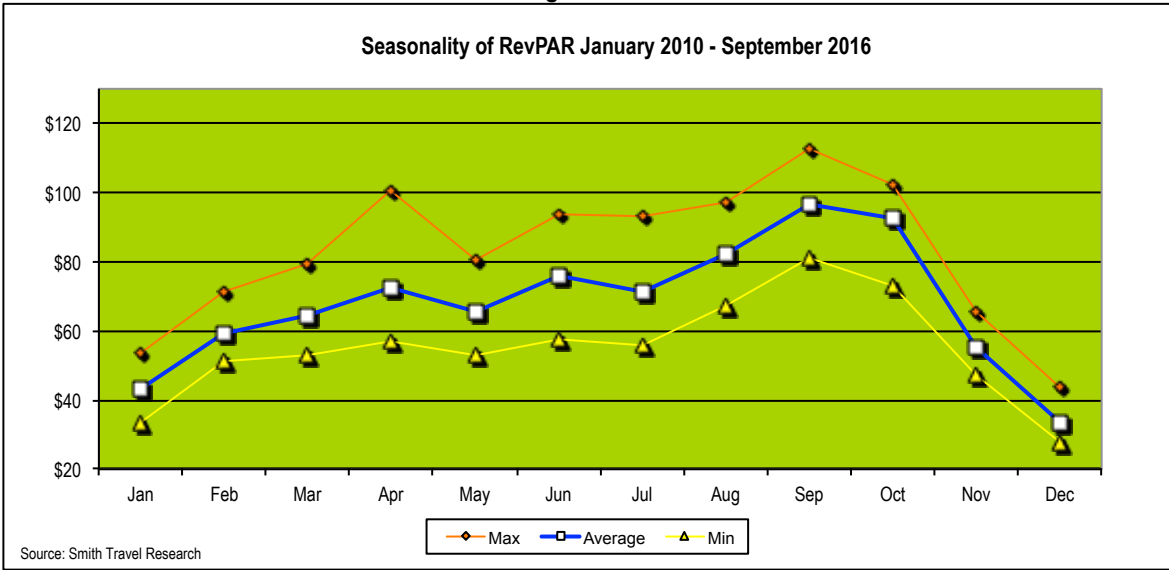
Figure 9-13



As shown, the average ADR fluctuates throughout the year in the AEC competitive set from approximately \$82 to \$122. Fluctuations in rate in the spring and fall are driven by major events that occur both at the AEC and in Madison. In April, Epic XGX brings more than 6,000 attendees and more than 11,000 room night to Madison, and Epic UMG generates almost as many in the fall. Ironman, which generates approximately 3,500 room nights, also occurs in September, as well as World Dairy Expo and UW home football games. These events have a significant impact on the Madison hotel market.

The following figure shows the seasonality of RevPAR, which is the product of rate and occupancy, and suggests overall profitability. The period is from January 2010 through September 2016 for the AEC competitive set.

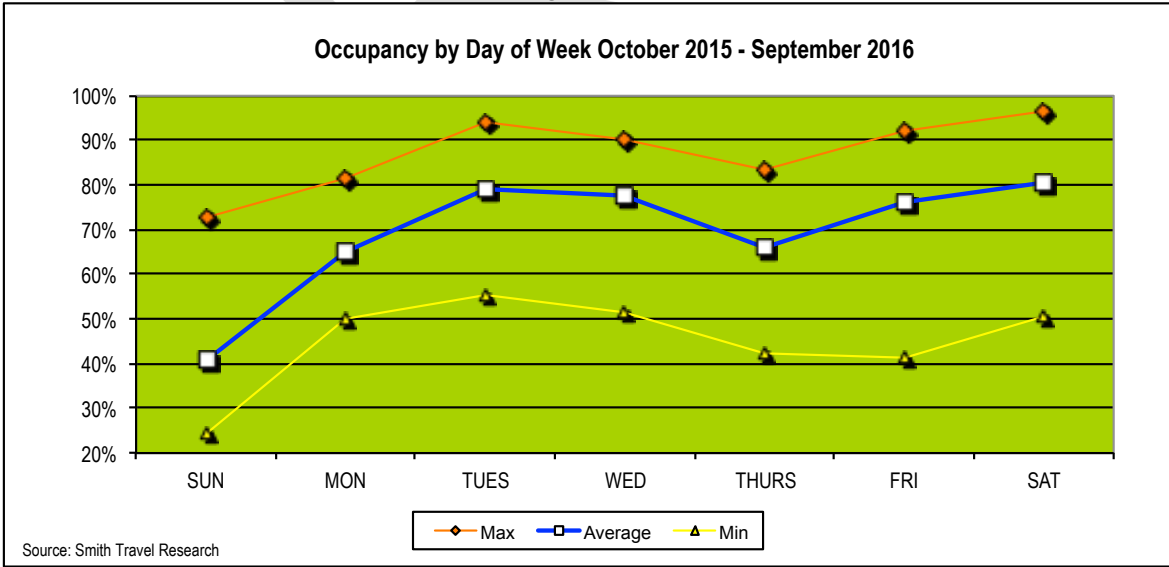
Figure 9-14



As with the other performance indicators, RevPAR data for the AEC competitive set is consistent with the analysis of the prior graphs. RevPAR is highest in September and October when rate and occupancy are at peak levels.

The following figure shows occupancy for the AEC competitive set by day of week for the trailing 12 months ending September 2016.

Figure 9-15

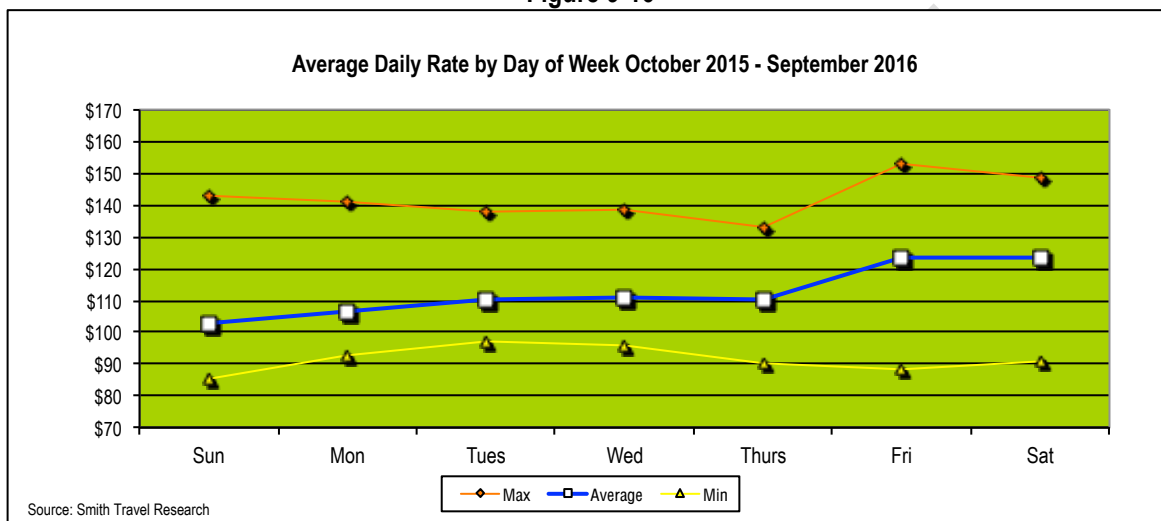




Average occupancy for the AEC competitive set is greater than 75 percent on Tuesday, Wednesday, Friday and Saturday. The AEC hotel market is supported by corporate business throughout the week, while the AEC generates a significant portion of room nights on the weekends.

The following figure shows ADR for the AEC competitive set by day of the week for the trailing 12 months of September 2016.

**Figure 9-16**



Average rates for the AEC competitive set are highest on Fridays and Saturdays at approximately \$124. Rates in this set are very consistent Monday through Thursday nights with only a \$5 difference between the four nights. As with most markets, this set has its lowest rates on Sundays. Average rates only vary by approximately \$20 per night throughout the week.

### Unaccommodated Demand

Unaccommodated demand is defined as demand that would have been captured by a market if not for a lack of available rooms or the quality of rooms. This demand therefore defers to later dates, accepts less-preferred accommodations, locates outside the selected set area, or cancels plans altogether. Therefore, as new properties are added to a market, it is expected that this unaccommodated demand will then be accommodated and absorbed by the new supply. This suggests that when new hotels are added, they do not necessarily cannibalize existing market demand, but accommodate the previously unaccommodated demand (assuming it exists). While it is not possible to accurately quantify all unaccommodated demand, an estimated figure can be inferred from occupancy data.

The following table shows the occupancy rate for the AEC competitive set by day of the week and month, for the twelve months starting October 2015 through September 2016. The figures represent the assumed presence of unaccommodated demand from this competitive set of hotels. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand, while orange shows days with 80 to 90 percent occupancy, suggesting highly likely displacement.

Days in red indicate when occupancy was greater than 90 percent for the set, suggesting near-certain displacement.

**Table 9-9**

Occupancy Percent by Day of Week by Month - October 2015 - September 2016								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 15	40.5%	72.6%	85.7%	87.0%	83.4%	92.1%	92.6%	80.1%
Nov - 15	28.0%	58.8%	68.5%	68.1%	59.3%	64.7%	66.1%	58.0%
Dec - 15	26.6%	50.0%	55.6%	51.6%	42.3%	41.4%	51.6%	46.0%
Jan - 16	24.5%	51.3%	75.0%	71.5%	43.3%	41.8%	50.8%	50.0%
Feb - 16	33.4%	54.2%	69.1%	65.6%	61.1%	77.7%	82.3%	63.0%
Mar - 16	29.6%	55.3%	75.6%	72.3%	62.0%	87.7%	73.0%	65.5%
Apr - 16	37.3%	75.5%	94.0%	90.2%	83.1%	88.7%	87.0%	80.0%
May - 16	44.8%	59.9%	80.8%	82.8%	66.3%	79.7%	87.8%	70.8%
Jun - 16	43.6%	81.4%	90.9%	84.9%	72.4%	84.9%	91.0%	78.5%
Jul - 16	55.3%	72.9%	84.0%	84.6%	76.4%	84.7%	94.5%	78.8%
Aug - 16	53.6%	80.3%	89.7%	85.2%	75.2%	87.2%	96.7%	81.5%
Sep - 16	72.6%	66.4%	81.5%	86.2%	69.1%	84.0%	95.4%	79.1%
<b>Average</b>	<b>40.6%</b>	<b>64.8%</b>	<b>78.9%</b>	<b>77.2%</b>	<b>66.1%</b>	<b>76.4%</b>	<b>80.8%</b>	

Sources: Smith Travel Research

Each cell is an average of four specific dates for the AEC competitive set; for example, Wednesdays in October averaged 87.0 percent occupancy. As shown, Saturday occupancy stays above 90 percent from June through October, with Fridays above 90 percent in October. Year-round, occupancy is strongest on Saturdays at more than 80 percent. Tuesdays and Wednesdays in April through October had occupancy greater than 80 percent, and occupancy was also greater than 90 percent for both days in April and on Tuesdays in June. During December 2015, occupancy averaged 46 percent, which was the lowest for the year.

The following table shows the ADR for the AEC competitive set by day of week and month for the 12-month period ending October 2016. The yellow cells represent ADR values from \$120 to \$130, the orange cells represent values from \$130 to \$140, and the red cells are all values greater than \$140.

**Table 9-10**

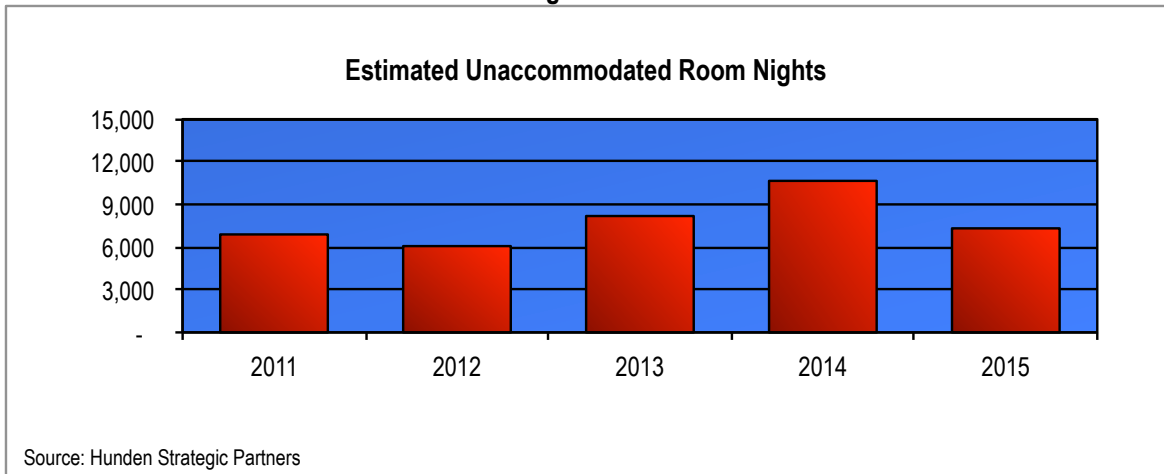
ADR by Day of Week by Month - September 2015 - October 2016								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 15	98.63	104.23	103.80	106.23	133.09	152.69	148.79	126.23
Nov - 15	90.43	97.04	97.02	96.30	93.76	99.90	102.49	97.19
Dec - 15	85.41	93.00	97.59	95.69	90.40	99.03	98.60	94.94
Jan - 16	92.50	98.43	107.28	109.81	95.07	88.33	91.15	98.85
Feb - 16	94.04	98.79	102.15	103.02	107.35	112.26	109.42	104.91
Mar - 16	96.75	99.77	107.81	108.54	107.42	121.04	112.44	109.31
Apr - 16	105.69	121.38	125.76	125.35	127.83	134.78	127.27	126.13
May - 16	95.80	102.48	103.98	106.55	106.75	130.61	132.25	112.06
Jun - 16	96.63	109.03	113.22	112.06	104.91	117.71	118.81	111.43
Jul - 16	101.18	105.70	115.15	114.80	107.16	111.62	117.93	111.32
Aug - 16	95.86	103.48	107.83	108.06	104.72	126.82	137.89	113.02
Sep - 16	142.97	140.99	138.04	138.25	115.15	137.32	147.71	137.10
<b>Average</b>	<b>102.87</b>	<b>106.66</b>	<b>110.41</b>	<b>111.18</b>	<b>110.05</b>	<b>123.23</b>	<b>123.57</b>	

Sources: Smith Travel Research

The highest average daily rates for the AEC competitive set occur on Fridays and Saturdays in October, at \$152.69 and \$148.79, respectively. Graduations in May, as well as Epic XGM and larger AEC events, drive the rates on Fridays and Saturdays. Consistent with previous, charts, the market peaks in September due to UW home football games, World Dairy Expo, Epic UGM, and Ironman. The market has a moderate variance on a monthly basis, from an average of \$94.94 in December to an average of \$137.10 in September. Sundays through Thursdays range from approximately \$103 to \$111 per night, with Fridays and Saturdays both greater than \$123. Overall, seasonality of rate suggests additional opportunity for rate compression for the AEC hotels.

The following figure shows the estimate of unaccommodated room nights over the past five years for the AEC competitive set of hotels.

Figure 9-17



Based on HSP estimates, the number of unaccommodated room nights for the AEC competitive set was approximately 7,500 rooms in 2015. This decreased from approximately 10,500 unaccommodated room nights in 2014 with the addition of the Holiday Inn Express and Suites in late 2014. Overall, performance of the AEC competitive set has been strong and continues to improve, suggesting significant opportunity for additional hotel development.

### Downtown Competitive Set

The following table shows a summary of the hotels in the Downtown competitive set arranged by distance from the AEC. While these properties are not the primary hotels utilized by guests of the AEC, understanding the existing downtown hotel supply and performance is vital to understanding the future market opportunity for lodging at the AEC.

**Table 9-11**

<b>Competitive Hotels - Downtown Set</b>				
<b>Property Name</b>	<b>Distance from AEC</b>	<b>Rooms</b>	<b>Chain Scale</b>	<b>Open Date</b>
Hilton Madison Monona Terrace	2.3	240	Upper Upscale	Feb-01
Best Western Premier Park Hotel	2.3	214	Upscale	Jun-63
Hyatt Place Madison Downtown	2.4	151	Upscale	Apr-10
DoubleTree Madison	2.5	163	Upscale	Oct-74
Madison Concourse Hotel	2.5	367	Independent	Jun-74
Hampton Inn & Suites Madison Downtown	2.7	194	Upper Midscale	Oct-13
The Fluno Center	2.8	100	Independent	Mar-00
Graduate Hotel Madison	3.0	72	Upscale	Jun-61
The Wisconsin Union Hotel Madison	3.0	60	Independent	Apr-11
The Edgewater	3.1	202	Independent	Sep-14
HotelRED	3.2	48	Independent	Aug-11
<b>Total/Average</b>	<b>2.7</b>	<b>1,811</b>	<b>--</b>	<b>Apr-94</b>

Source: Smith Travel Research, Hunden Strategic Partners

The 11 hotels in the downtown set offer a total of 1,811 rooms. The largest property is the 367-room Madison Concourse Hotel, followed by the 240-room Hilton Madison Monona Terrace. Only three of these properties have less than 100 rooms. The newest hotel in this set opened in 2014, and the average age of this competitive set is 23 years, with four of the properties having been open more than 43 years.

The following figure shows the map of the downtown competitive set hotels.

Figure 9-18



As shown above, the hotels in the downtown Madison competitive set are located near the Capitol in between Lake Mendota and Lake Monona, or on or near the University of Wisconsin campus. These properties are located approximately two to three miles north of the AEC.

The downtown competitive set is comprised of 11 properties, six of which are independent hotels, three Hilton Worldwide properties and one each from Best Western and Hyatt. The University of Wisconsin and the Monona Terrace Convention Center are primary demand drivers for the properties in the downtown hotel set. These properties are also used for the large events that take place at the Alliant Energy Center. Currently, about ten events a year are city wide sell outs in Madison and use all the available rooms in the market, according to conversations with local stakeholders.

### Hotel Projects

Two hotels are currently under construction in downtown Madison, the AC Hotel by Marriott Madison Downtown and the Tru by Hilton. Two more hotel projects are planned but have not started construction. These are planned to be constructed at Judge Doyle Square and 122 State Street. This section will profile these four projects.



### *AC Hotel by Marriott Madison Downtown*

The AC Hotel by Marriott Madison Downtown is currently under construction in downtown Madison. The 165-room hotel is located at 1 North Webster Street, approximately three miles due north of the Alliant Energy Center. The property will be affiliated with Marriott Hotels under the AC Hotels by Marriott brand, and will be operated by North Central Group. The proposed hotel will be a ten-story tower with a lounge and terrace on the ninth floor with flexible meeting space. The tenth floor will feature a rooftop restaurant and bar, Eno Vino Wine Bar & Bistro, that will be open to hotel guests and the public, which will have views of the two lakes and the State Capitol. The property is proposed to have a fitness center, coffee and espresso bar, airport shuttle, valet parking and the AC Kitchen.

The AC Hotel by Marriott was established in Spain and has more than 70 hotels in France, Italy, Portugal and Spain. These hotels are designed to be very upscale properties, marketed toward millennials. The AC represents the Spanish businessman, Antonio Catalan, who founded the hotel. The AC Hotel by Marriott Madison Downtown is projected to open in April 2017.

The following figure is a rendering of the proposed property.

**Figure 9-19**



The hotel will have one meeting room with a total of 924 square feet that will accommodate up to 70 guests. The space will host small corporate meetings, training sessions, business presentations, private dinners and rehearsal dinners.

### *Tru by Hilton*

Tru by Hilton is planned to feature 106 hotel rooms and will be located at 8102 Watts Road on the far west side of Madison. The property will be affiliated with Hilton Worldwide under the Tru by Hilton brand and operated by the North Central Group. Construction is scheduled to start in early 2017 and the hotel is projected to open in early 2018. The project is estimated to cost \$5.8 million. Tru by Hilton was announced in January 2016 and this will be one of more than 200 projects the brand has in the development pipeline. This brand is a mid-scale hotel for business and leisure travelers and designed to attract Millennials with an open lobby with four zones where guests can work, play, lounge and eat. Complimentary amenities are planned to include breakfast, a fitness center, mobile check-in and a 24-hour market with light snacks, light-meal options and single servings of beer and wine.

### *Judge Doyle Square*

The Judge Doyle Square project is planned to feature a 250-room hotel, with approximately 24,000 square feet of function space, a 210-unit apartment building, 7,800 square feet of street-level retail and a 289-stall parking garage. Phase One of the project will include demolition of the Government East Parking Garage, which is planned for November 2018, and constructing a 600-stall underground parking garage with 200 above-ground stalls for a 144-unit apartment building. The first two floors of the apartment building will offer 33,400 square feet of retail, a bicycle center and office space. The project is estimated to cost \$170 million, with \$131 million coming from private debt and equity sources. The city is investing \$43 million, which includes \$24 million in tax incremental financing. The project is expected to add \$87 million in assessed value once completed and occupied.

### *122 State Street*

Provenance Hotels and Ascendant Real Estate are proposing to demolish the six-story building at 122 State Street and the two-story bar next door in order to create a \$30 million-plus, boutique hotel with 120 rooms on four floors. The development team owns the building at 122 State Street and has an option to purchase the building next door at 118 State Street. The proposed project covers the footprint of both buildings and will have a marquee restaurant, meeting space and a rooftop lounge. The project will need approvals from the Plan and Urban Design commission, and possibly the City Council. The team plans to open the hotel in 2018.

## **Competitive Set Performance**

HSP used Smith Travel Research data to analyze historic performance of the downtown hotels.

The following table shows the performance data for the *downtown competitive set* of hotels from 2011 through 2015 and YTD September 2016.

**Table 9-12**

Historical Supply, Demand, Occupancy, ADR, and RevPar for Competitive Hotels											
Year	Annual Avg. Available Rooms	Available Room Nights	% Change	Room Nights Sold	% Change	% Occ.	% Change	ADR	% Change	RevPar	% Change
2011	1,363	497,614	--	332,897	--	66.9	--	\$129.61	--	\$86.71	--
2012	1,406	513,190	3.1%	350,965	5.4%	68.4	2.2%	\$134.92	4.1%	\$92.27	6.4%
2013	1,455	531,038	3.5%	374,575	6.7%	70.5	3.1%	\$137.92	2.2%	\$97.28	5.4%
2014	1,675	611,339	15.1%	425,653	13.6%	69.6	-1.3%	\$146.66	6.3%	\$102.11	5.0%
2015	1,792	654,111	7.0%	459,396	7.9%	70.2	0.9%	\$155.99	6.4%	\$109.55	7.3%
<b>2016 YTD (September)</b>	<b>1,811</b>	<b>494,403</b>	<b>1.4%</b>	<b>370,095</b>	<b>5.5%</b>	<b>74.9</b>	<b>4.0%</b>	<b>\$161.72</b>	<b>4.1%</b>	<b>\$121.06</b>	<b>8.3%</b>
CAGR* (2011-2015)	7.9%	7.9%	--	9.5%	--	1.2%	--	5.1%	--	6.6%	--

\*Compound Annual Growth Rate  
Sources: Smith Travel Research, Hunden Strategic Partners

Occupancy of the downtown competitive set hotels increased more than three percentage points between 2011 and 2015. The occupancy as of September 2016 was 74.9 percent, which is the period high. In this time period, the ADR steadily increased, going from \$129.61 in 2011 to \$161.72 in September 2016, which was an increase of more than \$32, equating to a CAGR of 5.1 percent for 2011 to 2015. While occupancy numbers are fairly consistent with the AEC hotels, average daily rate of the downtown hotels is nearly \$50 higher. This disparity in rate suggests that downtown is better suited to accommodate the higher-rated events that occur at Monona Terrace, while AEC is currently better suited to accommodate more SMERF business (social, military, educations, religious, fraternal) and consumer shows that are not willing to pay downtown rates.

Both competitive sets have seen increased occupancy in this period, though both markets have increased supply, indicating that the new supply has been absorbed into the market. The current occupancy rates in both sets have surpassed the threshold of approximately 66 percent, which is the point at which developers start to consider potential new hotel developments. As occupancy continues to increase, the market will have more unmet (unaccommodated) demand, which will help support and validate the need for more hotel rooms to be added to these markets.

### Unaccommodated Demand

The following table shows the occupancy rate for the downtown competitive set by day of the week and month, for the twelve months starting October 2015 through September 2016. The figures represent the assumed presence of unaccommodated demand from this competitive set of hotels. Days of the week with occupancy between 75 and 80 percent are shown in yellow, suggesting mild displacement and unaccommodated demand, while orange shows days with 80 to 90 percent occupancy, suggesting highly likely displacement. Days in red indicate when occupancy was greater than 90 percent for the set, suggesting near-certain displacement.

Figure 9-20

Occupancy Percent by Day of Week by Month - October 2015 - September 2016								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 15	52.3%	80.9%	86.6%	89.8%	88.7%	91.8%	91.6%	83.8%
Nov - 15	36.4%	61.0%	65.1%	69.1%	69.2%	69.9%	72.6%	62.3%
Dec - 15	29.7%	44.3%	56.2%	53.7%	54.9%	45.5%	55.8%	49.2%
Jan - 16	29.2%	53.4%	73.6%	72.1%	62.6%	60.1%	64.6%	58.6%
Feb - 16	50.2%	70.6%	84.4%	79.3%	76.3%	81.6%	89.3%	75.8%
Mar - 16	38.1%	66.1%	74.0%	67.0%	67.0%	76.3%	67.6%	65.6%
Apr - 16	48.7%	78.7%	86.3%	88.2%	83.3%	81.6%	77.6%	77.9%
May - 16	55.4%	69.5%	84.2%	86.2%	73.2%	77.5%	82.9%	75.0%
Jun - 16	51.6%	82.0%	89.1%	83.1%	77.5%	82.7%	82.8%	78.5%
Jul - 16	67.3%	73.3%	82.3%	85.6%	77.6%	84.5%	88.6%	79.9%
Aug - 16	58.8%	85.3%	89.2%	83.4%	78.6%	91.2%	93.7%	83.2%
Sep - 16	74.1%	70.6%	82.4%	85.9%	72.4%	82.2%	91.8%	79.7%
<b>Average</b>	<b>49.1%</b>	<b>69.8%</b>	<b>79.2%</b>	<b>78.1%</b>	<b>73.3%</b>	<b>77.4%</b>	<b>79.9%</b>	

Sources: Smith Travel Research

The two competitive sets have very similar trends in occupancy by day of the week and month. Both sets show strong occupancy from April through October, especially on Tuesdays, Wednesdays and Saturdays.

The following table shows the ADR for the downtown competitive set by day of week by month for the 12-month period ending October 2016. The yellow cells represent ADR values from \$160 to \$170, the orange cells represent values from \$170 to \$180, and the red cells are all values greater than \$180, which differs from the values used in the AEC set.

Figure 9-21

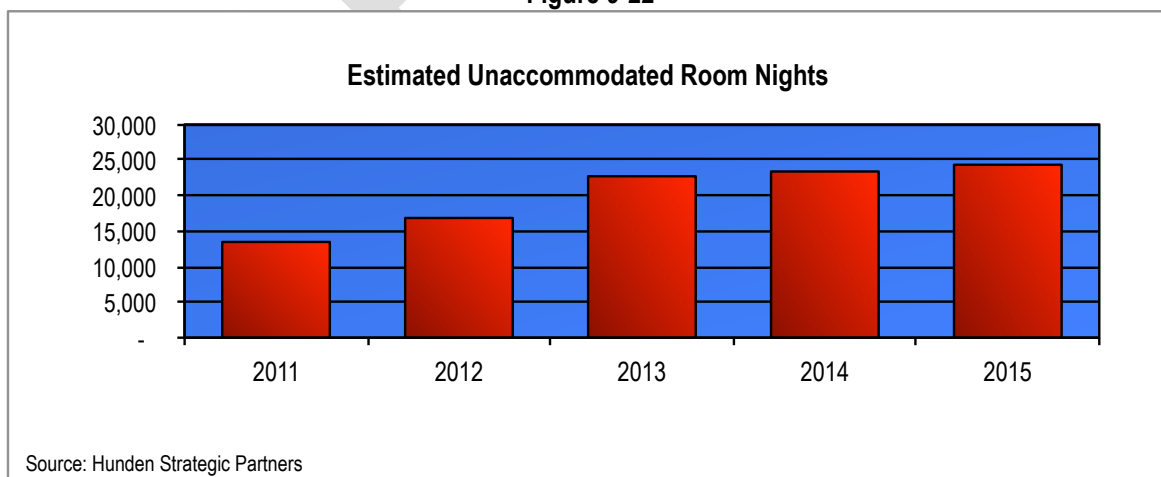
ADR by Day of Week by Month - October 2015 - September 2016								
	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Avg
Oct - 15	155.03	157.28	161.22	161.99	175.35	222.03	228.09	185.28
Nov - 15	127.78	135.52	140.78	140.76	139.73	152.12	163.14	143.67
Dec - 15	122.66	125.98	130.09	129.77	133.42	123.29	129.48	128.68
Jan - 16	125.13	129.68	134.45	135.48	134.08	127.91	127.70	130.97
Feb - 16	126.78	136.82	143.23	142.25	144.07	145.21	152.51	142.47
Mar - 16	129.19	138.44	142.71	145.00	144.95	150.17	147.07	143.59
Apr - 16	147.97	164.77	169.59	168.63	164.32	159.34	161.03	163.03
May - 16	144.55	148.71	156.07	156.21	155.97	200.40	205.63	166.59
Jun - 16	148.63	157.11	162.45	159.46	157.67	170.13	173.30	161.79
Jul - 16	151.40	157.05	161.08	161.17	153.79	169.64	176.20	162.56
Aug - 16	151.89	165.06	167.64	168.85	166.48	184.61	189.48	171.41
Sep - 16	207.07	198.74	198.67	190.20	175.94	206.03	223.80	200.19
<b>Average</b>	<b>149.26</b>	<b>152.92</b>	<b>156.76</b>	<b>156.48</b>	<b>155.59</b>	<b>172.20</b>	<b>176.98</b>	

Sources: Smith Travel Research

Both competitive sets have the highest rates during the weekends from April through October, with very strong weekday rates every day of the week in September. The rates on a monthly basis average approximately \$30 to \$60 higher in the downtown set than the AEC set. The fall rates in both sets are impacted by the large events at the AEC and the home football games for the University of Wisconsin.

The following figure shows the estimate of unaccommodated room nights over the past five years for the downtown competitive set of hotels.

Figure 9-22



Based on HSP estimates, the number of unaccommodated room nights for the downtown competitive set was nearly 25,000 rooms in 2015.

### *Market Feedback*

HSP interviewed a variety of market stakeholders, including representatives from the convention and visitor's bureau, local hoteliers, meeting planners, and facility managers to better understand the existing AEC hotel situation and future opportunity. Key feedback from those conversations includes:

- For the four primary AEC hotel properties, performance is heavily reliant upon events occurring on campus, specifically on the weekends. The properties cannot survive without strong weekend group business generated by the AEC
- The Sheraton is an aging property that is in need of a serious facelift. The property is used as overflow space for AEC events, but the quality of the venue is lacking.
- Of the four primary AEC hotels, approximately 35 to 40 percent of all room nights are generated by events occurring at the AEC
- The University has a major impact on AEC hotels. The AEC properties provide cheaper alternatives to downtown properties without sacrificing significant proximity.
- Madison Capitols have no impact on AEC hotels.
- Downtown hotel properties are used as overflow options for AEC's major consumer show and agricultural events including World Dairy Expo and Midwest Horse Fair. Downtown properties experience no impact from concerts occurring at Veterans Memorial Coliseum.
- Transportation from downtown hotel properties to the AEC presents many challenges. Groups are forced to provide shuttle services, and attendees who decide to drive struggle with parking obstacles.
- The intersection of John Nolen Drive and Rimrock Road is a heavy traffic area that presents safety issue to event attendees and local citizens. Any improvements to connectivity should focus on this area first.
- AEC hotels lack the function space necessary to complement the existing facilities on campus. A ballroom is needed for general sessions and receptions.

### **Conclusions**

Performance of the Madison hotel market has been strong in recent years, as evidenced by the development of four new hotel properties in downtown Madison. Developers have recognized that there is growing unaccommodated demand in the market, and the market performance metrics show no signs of slowing down any time soon. New hotels will only improve the collection of high-quality lodging options in Madison, and should have a positive impact on the attractiveness of the market as it relates to conventions and events.

While hotel development is occurring downtown, the Alliant Energy Center continues to lack of the concentration of adjacent and walkable hotel rooms that have come to be expected by the meetings and events industry. Currently, the four primary hotel properties that serve the AEC offer less than 600 total



rooms. As it exists, the AEC would need an additional 400 to 900 walkable hotel rooms on campus to complement the current amount of function space offered, according to industry metrics. In addition, while the four properties are considered walkable, only the Clarion provides attendees with the adjacency and ease of access that meeting planners desire. The lack of adjacent hotel options forces many groups to utilize downtown properties for events, which not only presents logistical and travel issues, but also forces groups to pay much higher rates than they would otherwise be willing to pay. The presence of walkable, affordable hotel options is a major element considered by meeting planners when comparing event destinations, and AEC is currently operating at a competitive disadvantage compared to competitive facilities throughout the region. Analysis of the historical performance of the AEC hotels suggests that new hotel development, if placed strategically and managed correctly, is viable and could be absorbed into the market. The existing hotel situation is one of the greatest challenges facing the future of the AEC, and one that must be addressed in order for the campus to prosper.

DRAFT

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## NATIONAL COMPARABLE EXPO CENTERS

HSP identified national comparable complexes to better understand how similar facilities are reinvesting and reinventing themselves for greater impact. Not only do community leaders in these markets understand the importance and impact of these complexes on the local economy, but they have also taken steps to assure competitiveness and prosperity of the facilities moving forward. These comparable complexes also provide insight into the various governance options utilized in the industry.

The following table is a summary of the five nationally comparable facilities profiled.

**Table 10-1**

Alliant Energy Center - Comparable Venues			
University	Location	Opened	Size (Acres)
Indiana State Fairgrounds	Indianapolis, IN	1892	250
National Western Complex	Denver, CO	1906	240
Kentucky Exposition Center	Louisville, KY	1950	396
Oklahoma State Fair Park	Oklahoma City, OK	1907	435
Will Rogers Memorial Center	Fort Worth, TX	1936	85
<i>Alliant Energy Center</i>	<i>Madison, WI</i>	<i>1896</i>	<i>164</i>

Source: Various Sources, Hunden Partners

Each of these venues was identified based on location, component, amenities, and event types at the complex.

The next table shows a matrix of the offerings for the comparable facilities.

**Table 10-2**

Alliant Energy Center - Comparable Venues													
Facility	Location	Opened	Size (Acres)	Performance				Meeting Room Space	Barns	Stalls	Walkable Hotel Rooms	Walkable Dining Options	State Fair Facility
				Venue - Indoor	Grandstand Venue	Exhibit Space							
Indiana State Fairgrounds	Indianapolis, IN	1892	250	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
National Western Complex	Denver, CO	1906	240	✓	✗	✓	✓	✗	✗	✗	✗	✗	✗
Kentucky Exposition Center	Louisville, KY	1950	396	✓	✗	✓	✓	✗	✗	✓	✓	✗	✗
Oklahoma State Fair Park	Oklahoma City, OK	1907	435	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓
Will Rogers Memorial Center	Fort Worth, TX	85	85	✓	✗	✓	✓	✓	✓	✗	✗	✗	✗
<b>Avg</b>													
<i>Alliant Energy Center</i>	<i>Madison, WI</i>			✓	✗	✓	✓	✓	✓	✓	✗	✗	✗

Source: Various Sources, Hunden Partners

The following profiles provide an overview of the comparable national facilities.

## Indiana State Fairgrounds and Event Center – Indianapolis, IN

Laid out over 250 acres approximately five miles north off downtown Indianapolis, the Indiana State Fairgrounds first opened in 1892 and has hosted more than 115 Indiana State Fairs. Home to more than one million square feet of event space, the complex began its present existence as a year-around events center in 1990. Today, the complex hosts a variety of consumer shows, conventions, conferences, sports, concerts, fairs, and exhibitions. The Indiana State Fair Commission oversees management of the complex. The Commission sets governing policy and provides strategic direction for the year-round operation of the Indiana State Fairgrounds & Event Center, including the annual Indiana State Fair, as well as fiscal oversight of a \$26-million operation. The Indiana State Fair Board, Commission staff and Center for Agricultural Science and Heritage Board of Trustees report to the Commission.

The complex offers the following major facilities:

- Indiana Farmer’s Coliseum: 6,500 seats
- West Pavilion: 147,000-square foot exhibit hall
- South Pavilion: 120,000-square foot exhibit hall
- Champions Pavilion: 65,000-square foot exhibit hall
- Exposition Hall: 73,000-square foot exhibit hall
- Three outdoor fixed stage venues

The following figure shows the layout of the Indiana State Fairgrounds.

Figure 10-1



The aging Indiana Farmer's Coliseum, the iconic arena located on campus, underwent a \$53-million renovation in 2014. Conversations with representatives from the Indiana State Fairgrounds and Event Center indicated that the building had become obsolete, and the renovation had resulted in the venue retaining and attracting new events to the complex. The arena has experienced a major increase in spectator sports, concerts, and consumer shows as a result of the renovation. The project was funded a combination of bonds and a \$10-million capital campaign. The following figure shows the renovation process and the final renovated Indiana Farmer's Coliseum.

Figure 10-2

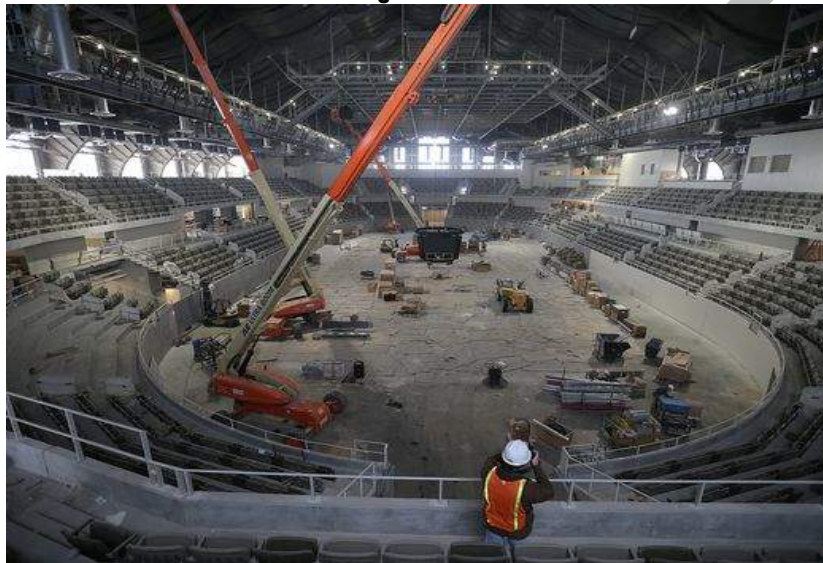


Figure 10-3





The complex is currently in the process of a capital campaign to raise funds for a new swine barn that will feature a destination restaurant. Facility management stated that future development of on-site restaurants is vital to the future success of the property. They are also working on a feasibility study for a new hotel development on campus to further enhance the visitor experience.

### Oklahoma State Fair Park – Oklahoma City, OK

Located four miles west of downtown Oklahoma City, the Oklahoma State Fair Park is the annual home of the Oklahoma State Fair. Encompassing 435 total acres, the complex hosts approximately 200 events annually, including equine and livestock events, conventions, consumer shows, trade shows, sporting events, and concerts. The city-owned facility is operated by Oklahoma State Fair, Inc., a 501 (c)(3) not-for-profit corporation responsible for managing the complex and operating the state fair.

The complex features the following major facilities:

- Jim Norick Arena: 8,500 seats
- Oklahoma Expo Hall: 66,000 square feet
- Cox Pavilion: 70,000 square feet
- Centennial Building: 29,000 square feet
- Nine horse barns and a performance arena

The following figure shows the layout of Oklahoma State Fair Park.

Figure 10-4



A recently completed \$100-million barn project at the complex was funded by a three percent hotel-motel tax. Conversations with facility management indicated that the complex is the largest producer of hotel room



nights in the state, and local leadership has recognized the importance of investment. In January of 2017, the \$59-million, 290,000-square foot Bennett Event Center opened on campus as a result of the Metropolitan Area Projects (MAPS 3) initiative. MAPS 3 is a nearly eight-year, one-cent sales tax initiative that began on April 1, 2010, to pay for debt-free projects that improve the quality of life in Oklahoma City. The initiative funds eight projects totaling \$777 million, including improvements to State Fair Park. The program is overseen by City Council and the Citizens Advisory Board. This new facility will allow the complex to expand and enhance existing events, as well as attract new national and international shows.

The following figures show renderings of the Bennett Event Center.

Figure 10-5



Additional conversations with property management indicated that a recent \$10-million renovation to the arena on campus did not have a major impact on events. The aging facility needed a complete renovation or re-build to be competitive and the Oklahoma State Fair Park will be considering a new arena development in the near future.

### **National Western Complex – Denver, CO**

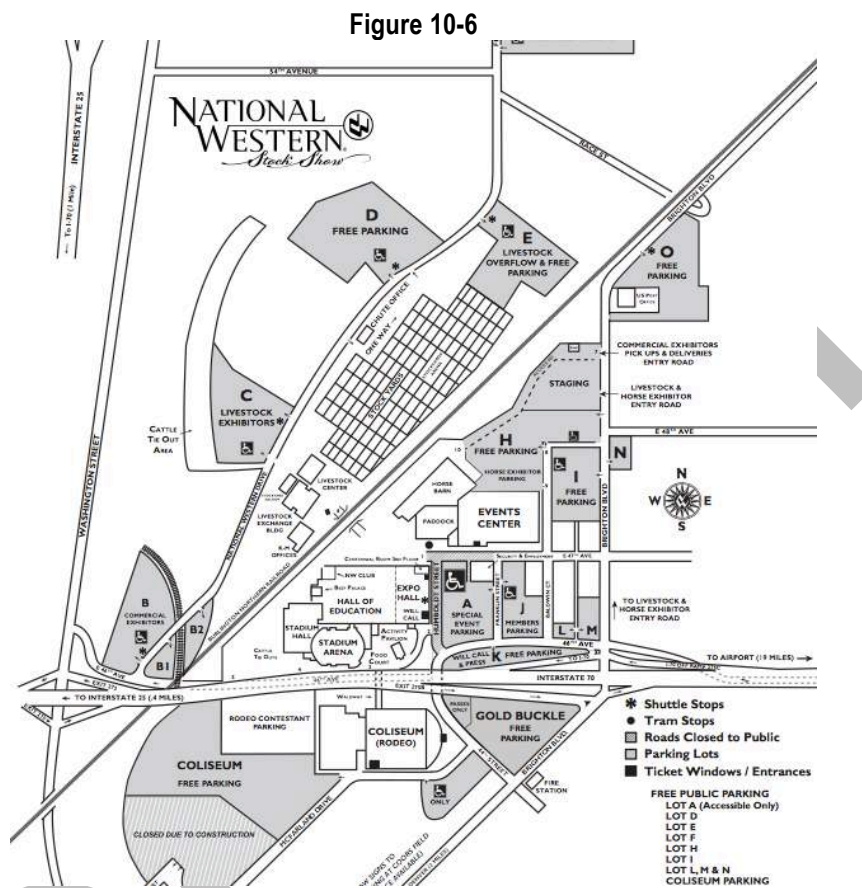
Located four miles northeast of downtown Denver on approximately 240 acres, the National Western Complex features more than 600,000 square feet of total function space. The complex is home to the National Western Stock Show, which was established in 1906. One of the premier livestock, rodeo, and horse shows in the nation, the event occurs over 16 days in January every year.

The National Western Complex features the following major facilities:

- Events Center: 7,200 seats
- Expo Hall: 35,000-square foot exhibit hall
- Hall of Education: 95,000-square foot exhibit hall
- Stadium Hall: 33,000-square foot Exhibit Space

- Hall of the West: 24,000-square foot exhibit hall

The following figure shows the layout of the National Western Complex.



In 2015, the National Western Complex completed a master planning process that was adopted by the Denver City Council. Phases 1 and 2 of the master plan project, totaling approximately \$856 million of the \$1.1 billion total project, are expected to take one decade to complete. The City and County of Denver has committed \$669 million to the project, including approximately \$500 million that will come from an extension of a lodging and car rental tax. The state Legislature passed a bill to provide Colorado State University with \$250 million of Certificates of Participation funding for its role in the project, \$200 million of which will be used for this project. Additional funding for the project includes approximately \$125 million from the Western Stock Show Association and a grant from the Colorado Economic Development Commission. In addition to a Citizens Advisory Committee made up of residents, business owners, and other stakeholders in the surrounding community, the five partners involved in the master planning of the project are the Western Stock Show Association, Colorado State University, the City and County of Denver, the Museum of Nature and Science and History Colorado.

The goals of the master plan include securing and growing the Stock Show for the next 100 years, creating a year-round destination, positioning Denver as a global player in 21<sup>st</sup> Century agricultural topics, and

integrating the surrounding communities into the complex. The first two phases of the program include land acquisition, site remediation and initial infrastructure planning, new stockyards and an event pavilion, a new livestock center, a new equestrian center, river activation, and improvements to parts of Brighton Boulevard and neighborhood connectivity.

The following figures show renderings of some of the improvements.

**Figure 10-7**



**Figure 10-8**



Additional future phases of the project include a new arena and a new expo hall on the campus.

## Kentucky Exposition Center – Louisville, KY

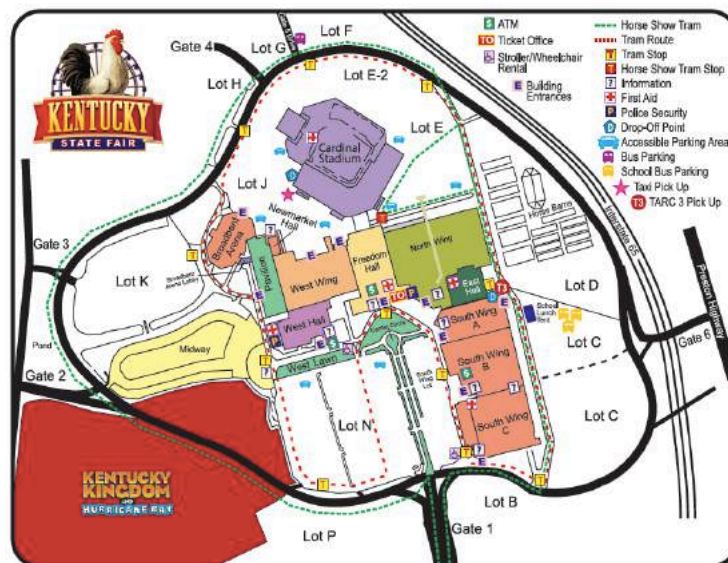
Located six miles south of downtown Louisville, north of the airport and adjacent to Kentucky Kingdom amusement park, the Kentucky Exposition Center is a large, multi-use facility that is one of the ten largest facilities of its type in the United States, with more than 1.2 million square feet of event space. In addition to the Kentucky State Fair, the venue hosts a variety of sporting events, as well as the North American International Livestock Exposition and the National Farm Machinery Show. The facility is operated by the Kentucky State Fair Board, an agency of the Kentucky Tourism, Arts, and Heritage Cabinet.

The Kentucky Exposition Center features the following major facilities:

- Freedom Hall: 19,000 seats
- Broadbent Arena: 5,200 seats
- West Wing: 175,000-square foot exhibit hall
- North Wing: 216,000-square foot exhibit hall
- South Wing: 260,000-square foot exhibit hall
- Pavilion: 73,000 square feet

The following figure shows the layout of the Kentucky Exposition Center.

Figure 10-9



A master plan regarding the future of the Kentucky Exposition Center was completed in October 2016. The \$200-million plan calls for the development of a multipurpose agri-plex, an \$18-million Freedom Hall renovation, a \$70-million exhibit hall expansion, and the demolition of Cardinal Stadium (which was formerly the home of University of Louisville football and other tenants). The Kentucky State Fair Board is expected to ask the state for funding for the project.



The following figure shows the complex's relationship to Kentucky Kingdom.

**Figure 10-10**



The complex is owned by the same entity that owns the Kentucky International Convention Center, which provides synergy and additional opportunity due to the scheduling and operating , according to conversations with market experts.

### **Will Rogers Memorial Center – Fort Worth, TX**

Located three miles west of downtown Fort Worth, the Will Rogers Memorial Center is an 85-acre public entertainment, sports, and livestock complex that opened in 1936. The complex is the home of the annual Fort Worth Stock Show and Rodeo, the oldest continuously running stock show and rodeo. Held every year between mid-January and February, the 23-day event generates approximately 1.5 million [is this \$? I assume so. That sounds really low for a 3-wk event with nearly 1 million attendees. I don't think the number even needs to be shown] for the local economy and attracts approximately 900,000 attendees. Overall, the complex, which hosts a variety of additional cultural, corporate, educational, and sporting events, attracts approximately two million attendees per year.

Will Rogers Memorial Center features the following major components:

- Will Rogers Coliseum: 5,600 seats
- Auditorium: 2,900 seats
- Exhibit Hall: 94,000 square feet
- Ballroom: 18,000 square feet
- Three climate-controlled arenas
- Equestrian facility featuring seven barns

The following figure shows the layout of Will Rogers Memorial Center.

Figure 10-11



Leadership stated that the Will Rogers Coliseum, the aging arena located on campus that was built in 1936, had become obsolete for modern events. The complex is currently constructing a new \$450-million, 13,000-seat, state-of-the-art arena that is projected to open in 2020. The project is being funded by a combination of city funds (\$225 million in special use taxes within a three-mile radius) and private sector donations (\$225 million from foundations, organizations, and other individuals).

The following figure shows a rendering of the \$450-million arena.

Figure 10-12





Leadership anticipates that the new arena will have a major impact on attracting concerts, family shows, and collegiate sports, as well as improving the Fort Worth Stock Show Rodeo.

## Conclusions

Analysis of comparable national complexes demonstrates the amount of investment that is occurring to ensure the competitiveness of these facilities into the future. While no two situations are the same, community leaders in these markets recognize the relevance and importance of these complexes, and are finding ways to fund improvements. With modern, flexible venues, facilities are able to meet the changing needs of event planners, and attract a greater variety of events. These complexes understand that the venues themselves are not enough, and the visitor experience, including walkability and surrounding activity, is necessary. These investments are made with the goal of establishing a continuous activity complex that is not episodic or seasonal. In turn, the complex will generate additional business and employment opportunities for the surrounding communities, and generate a tangible economic impact to the market.

### Major Arena Renovations

In addition to identifying similar event complexes, HSP also identified comparable arenas that have been undergone major renovations in the last five years. These aging, obsolete venues, similar to the current Veteran’s Memorial Coliseum, were able to improve performance, increase attendance, and ensure long-term competitiveness in the industry as a result of a renovation. The following table profiles different case studies throughout the country.

**Table 10-3**

Major Arena Renovations						
Venue	Location	Capacity	Tenants	Year Opened	Year Renovated	Renovation Cost (million)
Thomas and Mack Center	Las Vegas, NV	17,923	UNLV Basketball	1983	2016	\$73
The Pit	Albuquerque, NM	14,856	New Mexico Lobos	1965	2009	\$60
Target Center	Minneapolis, MN	19,356	Timberwolves (NBA)	1990	2015	\$129
Chesapeake Energy Arena	Oklahoma City, OK	18,203	Thunder (NBA)	2002	2011	\$104
State Farm Center	Champaign, IL	15,544	Illinois Basketball	1963	2014	\$169
Pauley Pavilion	Los Angeles, CA	13,800	UCLA Bruins	1965	2012	\$136
Crisler Center	Ann Arbor, MI	12,707	Michigan Basketball	1967	2012	\$52
Mackey Arena	West Lafayette, IN	14,804	Purdue Basketball	1967	2011	\$100

Source: Hunden Partners

While no two situations are the same, these comparable arena projects demonstrate how aging arenas can benefit from investment and renovations, rather than completely new development. These venues, many of them viewed as an iconic structure in the same light as Veterans Memorial Coliseum, were able to remain competitive and attractive as a result of a major renovation. With renovations ranging from \$52 to \$170 million, each of these arenas experienced increases in events and attendance, as well as an improved reputation and attractiveness throughout the industry.

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## RECOMMENDATIONS, DRAWINGS, AND BUDGET

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was conducted for the Alliant Energy Center. A SWOT analysis identifies critical factors that will impact AEC's future. This analysis suggests implications for recommendations, sizing, location and quality of the future projects given the current environment. Strengths and weaknesses are currently factors impacting the potential project as well as items inherent in the project or market, while opportunities and threats are potential and external factors impacting the success of the project.

Following the SWOT analysis, recommendations are provided for the project.

### SWOT Analysis

#### *Strengths*

- **Madison Market:** The city of Madison presents a strong foundation for the future of the Alliant Energy Center. The growing population, diversified economy, strong student population, and destination attractiveness of Madison present competitive advantages for major event complexes such as the AEC. Not only does the market offer a diverse population from which to attract visitors, but the appeal of Madison, including its scenery, entertainment, and nightlife, plays a major role in attracting meeting and event planners.
- **AEC History:** The Alliant Energy Center, through years of successful operations and relationships, has developed a strong reputation with many event organizers. Feedback from stakeholders and community members indicate that there is also strong connection with the Alliant Energy Center and its history, specifically the Veterans Memorial Coliseum. These connections present a strong base from which to build upon for the future.
- **Existing Operations:** Major public event facilities are typically considered loss-leaders for communities. While the complexes generate significant visitation and economic impact to the local community, very few complexes generate an operating profit. The financial success of the AEC is a testament to the current operations of the facility.
- **Pavilions:** Since opening in 2014, the New Holland Pavilions have had a significant positive impact on the reputation and functionality of the AEC campus. Reviewed favorably by user groups, the size and quality the pavilions have allowed the campus to not only attract new agricultural event to the complex, but they have helped the campus expand existing events and accommodate more impactful groups.

#### **Weaknesses**

- **Coliseum:** The aging Veterans Memorial Coliseum is no longer able to attract major concerts and entertainment acts due to its existing condition. While minor investment has occurred in the venue, issues such as limited loading and rigging capabilities, as well as outdated concourses, restrooms, locker rooms, concessions, and general aesthetics, have hindered the production, artist, and fan experience at the venue.

- **Surrounding Amenities:** There are currently no restaurants, entertainment options, gas stations, convenience stores, or other support amenities in the immediate area surrounding the AEC. Meeting planners and event attendees are looking for activity in the area surrounding event venues and their accommodations, and the lack of a critical mass of options at the AEC puts the venue at a competitive disadvantage.
- **Meeting Spaces:** While the size of the exhibit hall is one of AEC’s greatest strength, the facility does not offer the package of meeting spaces necessary to accommodate today’s meetings and events. Modern conventions are looking for high-quality, flexible ballroom space to hold general sessions, banquets, and other events. The lack of a ballroom and appropriate number of meeting rooms hinders the AEC’s ability to accommodate higher-rated events. In addition, AEC larger user groups are outgrowing the existing facilities, and future expansion of the exhibit hall is necessary to retain these groups.
- **Connectivity:** Both within the campus and with the surrounding community, connectivity presents challenges for the AEC. User groups are frustrated with the walkability and ease of access throughout the campus, and community stakeholders are frustrated with the connectivity of the campus to downtown Madison and the adjacent neighborhoods.
- **Hotel Supply:** According to industry metrics, a major event complex should offer 10 to 15 walkable hotel rooms per 1,000 square feet of exhibit space. Currently, the AEC offers 581 rooms in its four proximate hotels, though only the rooms at the Clarion are truly adjacent. Without factoring in a future expansion to the exhibit hall, the AEC currently offers 400 to 900 less hotel rooms than the expectation of convention event planners.

## Opportunities

- **Conventions and Meetings:** The AEC has the opportunity to function as the primary convention and meeting facility in the Madison market. While Monona Terrace is considered a convention facility, the venue operates primarily as a large conference facility or small convention facility due to its space limitations and lack of true exhibit space. If the AEC can develop the ballroom and meeting spaces, lodging options, and surrounding amenities, the complex has the opportunity to act as the destination for major conventions and events in the market.
- **Concerts and Entertainment:** Conversations with local and national promoters, as well as industry experts, suggests that a new arena development on the AEC campus is not necessary. Madison should be a thriving concert and entertainment destination, but the market is losing events because it cannot offer an available, high-quality venue. The existing Coliseum presents many challenges to event promoters, but a renovated facility with additional loading, expanded concourses, improved rigging, and an enhanced artist and fan experience, will allow the complex to attract major events once again.
- **Youth Sports:** The AEC, historically, has not been a destination for major indoor youth sporting events. Modern trends in the industry, as well as feedback from state and regional organizations, suggest that the existing exhibit hall could be a major player in the regional youth sports landscape. Additional amenities, both within the space and on the campus, will enhance the attractiveness of the AEC for sports organizations and events.

- **Livestock:** While user groups are generally satisfied with the Pavilions, the attractiveness of the AEC for livestock groups will be enhanced with additional improvement to the campus. User groups indicated that connectivity, walkability, and surrounding activity are the primary issues with the complex, and improvements will allow the AEC to attract larger livestock events. In addition, feedback from user groups suggested that a permanent show ring on campus would offer a variety of benefits to the events and the facility operator.
- **Festivals:** No major changes are recommended for Willow and Quann Park, however, improved connectivity between the campus and surrounding community will enhance the spaces and provide a more attractive venue for festivals and outdoor events.
- **Village Atmosphere:** Beginning with the development of an adjacent hotel and new restaurants, the Alliant Energy Center has the opportunity to establish itself as an attractive destination with a variety of dining and nightlife options in a village-like atmosphere. By creating a critical mass of activity, not only will event attendees at the AEC benefit, but citizens of surrounding neighborhoods and the Madison community will be able to take advantage of the AEC's new offerings.
- **Gateway to Madison:** Due to its proximity to US-18 and visibility from John Nolen Drive and Rimrock Road, Alliant Energy Center's location presents an opportunity to transform the gateway to Madison. With improved landscaping and signage, as well retail, restaurant, and hotel development, the AEC can re-invent its image as the true gateway to Madison.

## Threats

- **Competition.** The Project may experience a decline in use should another meeting facility expand or be developed in the region before or immediately after the recommended improvement occur. Advancing a project sooner rather than later could keep the market relatively clear of immediate competition.
- **Cost** – The cost of the project is high and that could threaten the possibility of development.
- **U.S. Economy and Demand.** The current economic situation is gradually improving from the most recent recession and this could have an impact on the demand side of the equation. However, economic conditions can change unexpectedly and any negative trend would likely delay and investment.

## Physical Recommendations

Based on the market analysis throughout this report, HSP makes the following facility recommendations regarding the future of the Alliant Energy Center:

- **Coliseum:** HSP recommends a renovation to the Coliseum that will include expanded concourses, new entrances, expanded premium seating areas, and improved rigging, loading, dressing rooms, restrooms, concessions, and aesthetics to enhance the production, artist, and fan experience.
- **Exhibit Hall:** HSP recommends a 50,000-square foot expansion of the existing exhibit hall, Existing major events at the complex have outgrown the current facility, and an expansion of

the exhibit hall is recommended to improve the overall event package of AEC. A future phase expansion of an additional 40,000 square feet is also recommended.

- **Ballroom:** HSP recommends the development of a 30,000-square foot ballroom connected to the existing exhibition complex. This should be a carpeted, high-quality, flexible space that will allow the AEC to attract conventions and other higher rated groups, as well as enhance existing events at the complex.
- **Meeting Rooms:** Additional breakout meeting room space is necessary to complement expanded exhibit hall and ballroom space. HSP recommends the development of 20,000 square feet of meeting room space.
- **Hotels:** At minimum, HSP recommends the development of two branded, group-oriented hotel properties adjacent and connected to the Exhibition Hall. These properties should add another 600 walkable hotel rooms to the campus.
- **Restaurants:** HSP recommends the development of six to eight walkable dining options in a village atmosphere on the AEC campus.
- **Arena Building:** HSP recommends the removal of the arena building to better utilize the centralized location. The events that occur in the arena building will be accommodated in other expansions to the complex.
- **Pavilions:** HSP recommends the development of a permanent show ring connected to the New Holland Pavilions.
- **Parking:** HSP recommends the development of structured parking in a future phase.

The following figure shows the proposed master plan for the campus facilities, including all recommendations discussed above.



Figure 1



As shown, HSP, along with Sink Combs Dethlefs and MKSK, recommend an expansion of the existing exhibit hall and existing pre-function space. The team recommends the development of a new ballroom and additional meeting rooms where the existing administrative offices are located. The expanded and renovated Coliseum will feature a new ring of programming that will increase the footprint of the property. Recommendations include two adjacent hotels, one on either side of Alliant Energy Center Way. The arena will be removed, and a new permanent show-ring will be developed north of the New Holland Pavilions. Additionally a 'restaurant row' is recommended along the entrance to the complex, as well as two feature restaurants visible from Rimrock Road and John Nolen Drive.

The following table breaks down the estimated cost for the recommended improvements to the Alliant Energy Center.

**Table 11-1**

	AEC Improvements - Estimated Costs		
	Total Adjusted Cost	Additional Soft Costs	Total Project Cost
<b>Coliseum</b>			
Renovation	\$87,283,930	\$17,456,786	\$104,740,716
<b>Ex Hall/Ballroom/Meeting Rooms</b>			
Expo Addition Phase I	\$24,525,000		
Expo Addition Phase II	\$21,437,500		
Ballroom	\$19,075,000		
Offices	\$6,131,250		
Meeting Rooms	\$11,445,000		
Garage (to be built with Ex Center Expansion)	\$14,715,000		
<b>Total</b>	<b>\$97,328,750</b>	<b>\$24,332,188</b>	<b>\$121,660,938</b>
<b>Pavilions - Show Ring</b>			
Show Ring	\$5,902,000		
<b>Total</b>	<b>\$5,902,000</b>	<b>\$1,180,400</b>	<b>\$7,082,400</b>
<b>Campus ( incl. Willow Island &amp; Quan Park)</b>			
General Landscaping	\$1,090,000		
Wetlands Rejuvenation	\$6,540,000		
<b>Total</b>	<b>\$7,630,000</b>	<b>\$763,000</b>	<b>\$8,393,000</b>
<b>Hotels (Leased Land - Privately Funded)</b>			
Hotels (Enhanced Select Service) 300 Rooms	\$45,000,000		
Hotel (Full Service) 300 rooms	\$67,500,000		
<b>Total</b>	<b>\$112,500,000</b>	<b>\$22,500,000</b>	<b>\$135,000,000</b>
<b>Restaurants (Leased Land - Privately Funded)</b>			
Feature Restaurant 1	\$6,540,000		
Feature Restaurant 2	\$8,820,000		
Restaurants 3-8	\$29,532,000		
<b>Total</b>	<b>\$44,892,000</b>	<b>\$13,467,750</b>	<b>\$58,359,750</b>

Source: Sink Combs Dethlefs

The projected cost for all recommended improvements to campus total approximately \$435 million. It is important to note that this summary table includes the hotels and restaurants, which will likely be privately developed. The Coliseum renovation, Exhibition Hall expansion, support facility development, and campus improvements are projected to cost \$242 million.

### *The Surrounding Context*

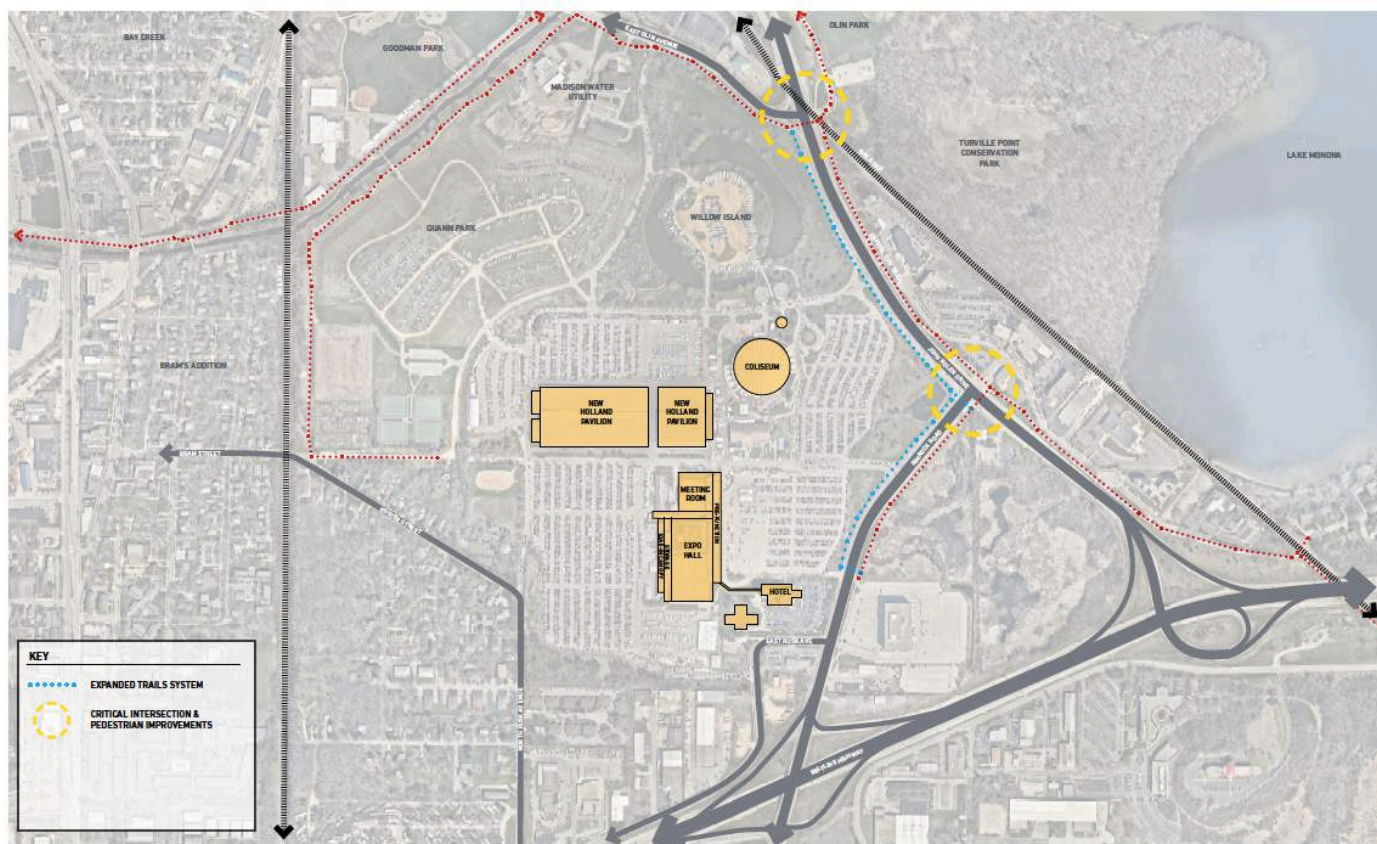
Enhancements at the perimeter and adjacent to the Alliant Energy Center campus would mutually leverage City and regional assets for improved access and connectivity, which in turn could strengthen the opportunity for a more diverse mix of offerings within the campus.

- **Arterials and Access:** Improved wayfinding system along major arterials, John Nolen Drive, Olin Avenue, and Rimrock Road, is necessary to better direct visitors to the Alliant Energy Center campus and to improve traffic distribution to the various campus entrances. Pedestrian and bicycle crossings are difficult at the John Nolen Drive/Olin Avenue intersection to the John Nolen Drive/Rimrock Road intersection. Improved pedestrian and bicycle crossings at these intersections would positively affect the safety of these multi-modal systems. Possible solutions include a dedicated traffic control phase and pedestrian refuge islands.

The following figure shows the proposed expanded connectivity.



Figure 11-2



Alliant Energy Center

Proposed Expanded Connectivity

02.27.2017 MKSK SINK CONCRETE DETHLEFS

- Neighborhoods: Improving Bram Street is important to facilitating better bicycle and pedestrian access to adjacent neighborhoods. Additionally, improved buffers along Bram Street, Koster Street, and North Rusk Avenue would better mitigate visual and auditory impacts. Possible solutions include denser tree plantings and more robust fencing systems.
- Connectivity: Improved pedestrian and bicycle infrastructure along John Nolen Drive is required. Specifically, a new trail contiguous to the Alliant Energy Center campus from the John Nolen Drive/Olin Avenue intersection to the John Nolen Drive/Rimrock Road intersection would effectively link networks, which are currently disconnected. Similarly, improved trail systems contiguous to the Alliant Energy Center campus along Rimrock Road would effectively link disconnected networks. An improved Bram Street, formalized as a bicycle and pedestrian-only corridor east of Koster Street, would enhance connectivity to surrounding neighborhoods.

*The AEC Campus*

A comprehensive knitting together of the Alliant Energy Center campus components, including facilities and venues, roadway systems, parking areas, ponds, and open space, would improve identity, site utilization and efficiency, and the opportunity for a new mix of land uses and campus offerings. Though much of the

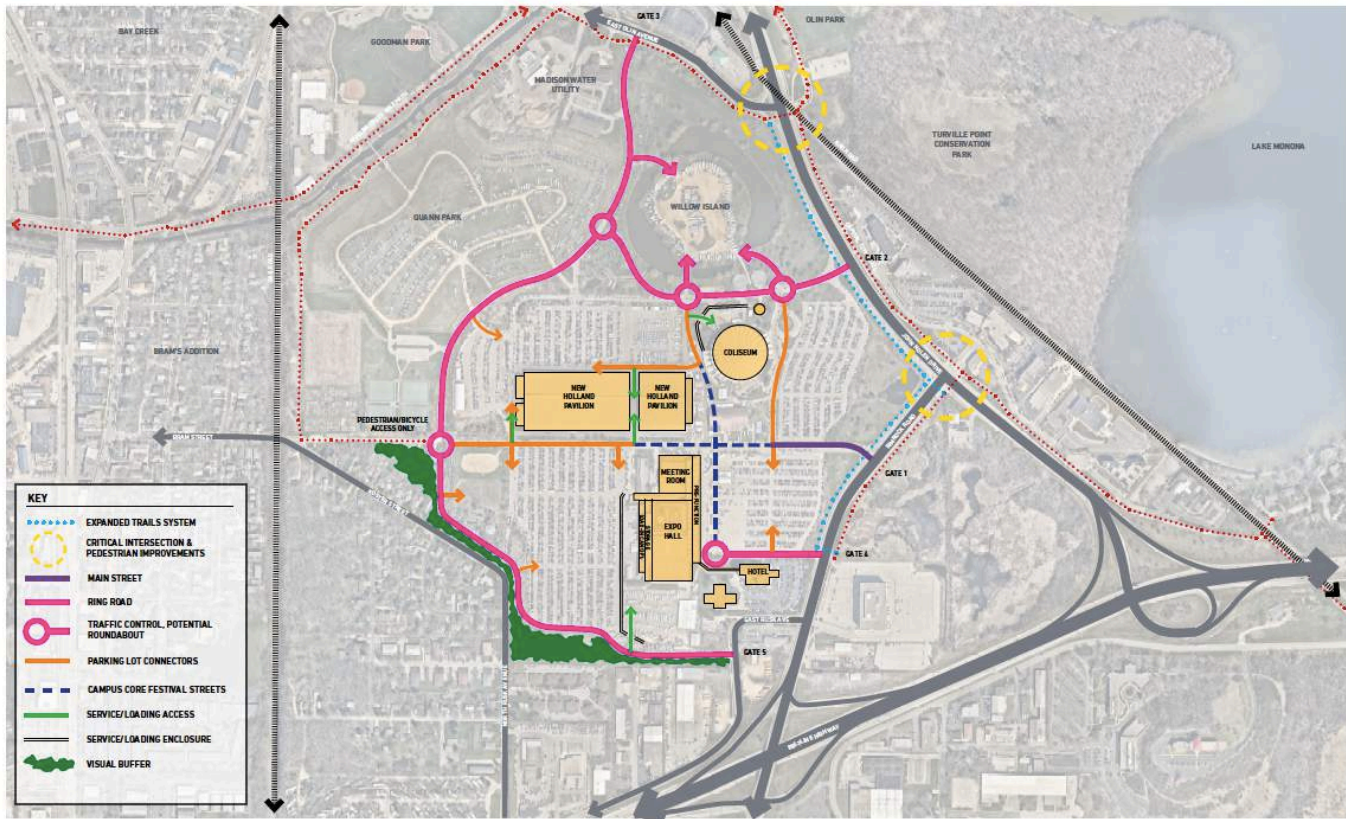
land area will continue to be devoted to facilities, venues, and parking areas, a cohesive campus character would strengthen the Alliant Energy Center brand and support broader initiatives.

- Access and entrances: At the major campus access points of Expo Way/Olin Avenue, West Expo Drive/John Nolen Drive, and Alliant Energy Center Way/Rimrock Road, more significant campus signs would strengthen the Alliant Energy Center brand and improve wayfinding to key campus arrival points. From these points, a robust wayfinding system within campus would better direct visitors to key destinations. Other campus access points at Rimrock Road and East Rusk Avenue would benefit from the same types of improvement. As the main campus arrival, the Alliant Energy Center Way/Rimrock Road entrance could become a daily, non-event destination. As such, the sign at this entrance could encompass broader themes and messaging. Along the perimeter of campus, a stronger message of open space could be conveyed. From the west, the campus should become more approachable on foot and bike.
- Vehicular and pedestrian circulation: Major vehicular circulation routes should be clearer; primary roads that double as parking lot drive aisles should be avoided. A ring road at the outer edges of parking areas would clearly and efficiently distribute traffic to destinations such as parking lots, Willow Island, and the campus core. Integrated pedestrian sidewalks and bicycle facilities would link the ring road to existing pedestrian and bicycle infrastructure on the perimeter of campus. A portion of the ring road system could be built from paved areas that today exist as campus roads or parking areas.

The following figure shows the proposed campus circulation.



Figure 11-3



Alliant Energy Center

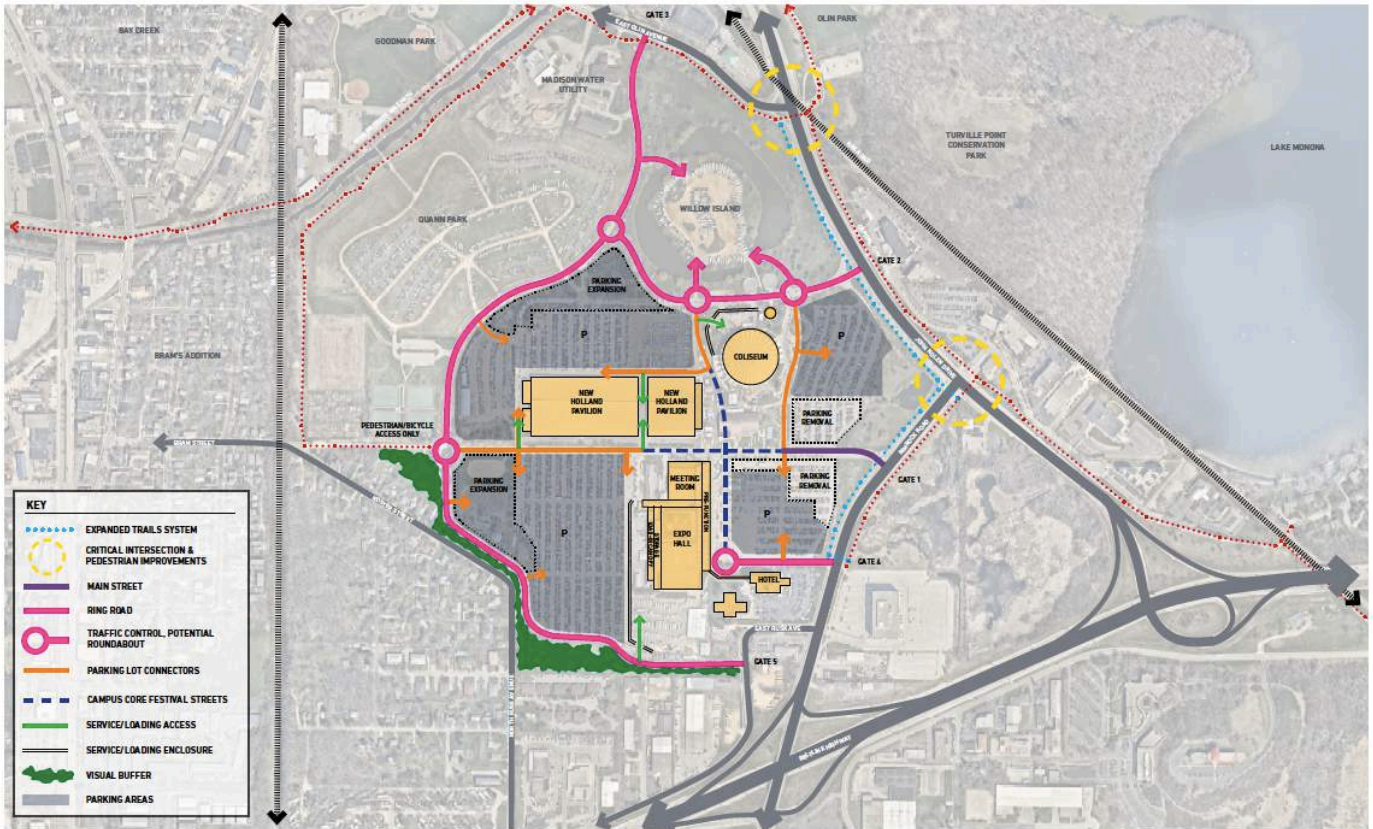
Proposed Campus Circulation

02.27.2017 MKSKO SINK CORNER BRETHLEYS

- Parking: Existing parking areas would be accessible from a ring road via parking entrances. Multiple entrances into large parking areas would adequately distribute vehicles from the ring road, particularly during peak periods. Where primary roads are removed from parking lots in favor of a ring road system, additional parking spaces can be recaptured. Additional parking could also be accommodated in a handful of areas through parking lot expansion. Pedestrian amenities, such as sidewalks, landscape, and shade from trees, could be added into parking areas.

The following figure shows the proposed campus parking.

Figure 11-4



Alliant Energy Center

Proposed Campus Parking

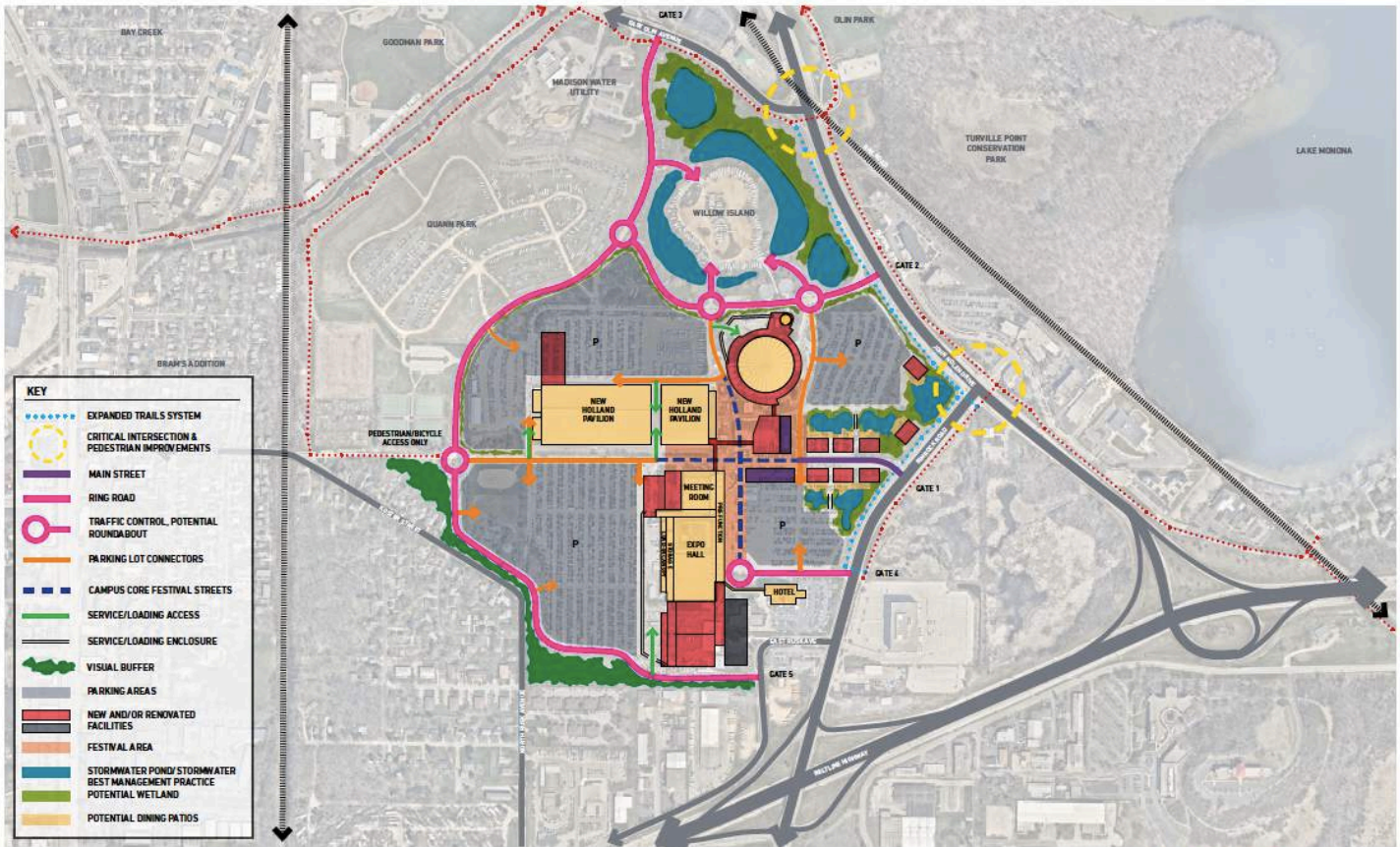
02.27.2017 MKSK SINK CORPUS DIETHLEPS hunden strategic partners

- Service and loading: Service and loading areas should be adequately sized to facility needs. Screen systems, such as gates, fencing, walls, and planting should be used to adequately screen these areas from primary campus roads and parking areas.
- Campus enhancements: Beyond improved access, circulation, parking, and loading improvements, additional campus enhancements to would strengthen campus identity, improve user amenities, and broaden daily appeal to residents and visitors. Enlarged stormwater collection ponds at the intersection of John Nolen Drive/Rimrock Road, and new stormwater collection pond at the intersection of John Nolen Drive/West Expo Drive and at the Alliant Energy Center Way/Rimrock Road main campus arrival point would increase stormwater collection, and present a more consistent theme along the high-capacity arterials of Olin Avenue, John Nolen Drive, and Rimrock Road. This theme could be further strengthened by robust wetland plantings from the rights-of-way to each pond and from pond to pond. This collection of ponds and wetlands along the most visible edges would respond to the wetlands heritage of the area and would convey a strong message about the importance of environmental stewardship.

The following figure shows the proposed site enhancements.



Figure 11-5



Alliant Energy Center

Proposed Campus Site Enhancements

02.27.2017 MKSK SINK CORP DETAILERS strategic partners

- Within the campus core, where new hotel, meeting, and restaurant facilities are planned, the primary campus streets could be closed during significant events and used as a festival space. Primary vehicular circulation along the ring road would not be compromised, nor would access to parking areas. The festival space could accommodate outdoor exhibits, display areas, food trucks, outdoor performances, and high volumes of pedestrians. Enhanced paving and generous amounts of lighting and seating in the festival area would further distinguish its importance as the heart of campus and as the main gathering space.
- Between new restaurants and parking areas could be additional stormwater collection ponds. Wooden decks, suspended over ponds would provide unique outdoor dining space for restaurants. Land bridges through new ponds would connect restaurants to parking areas.

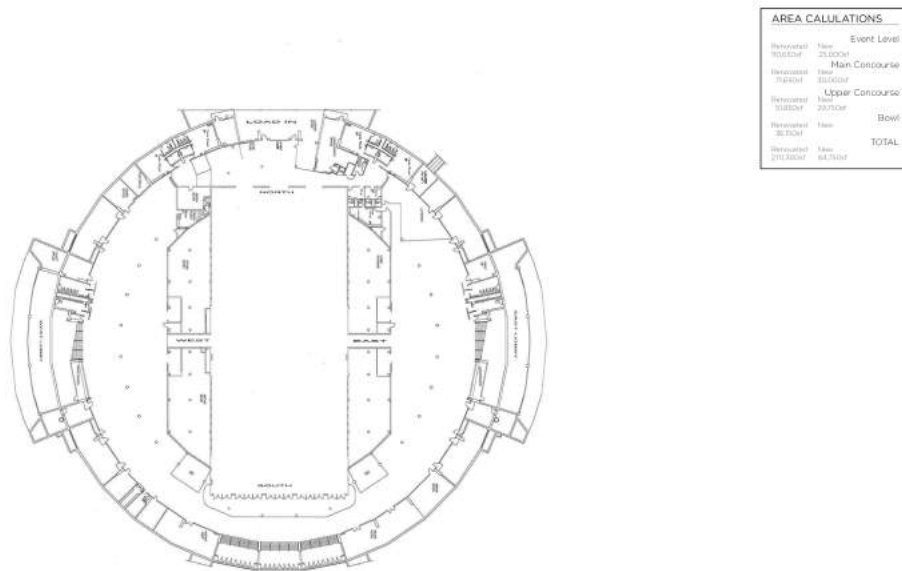
### Coliseum Renovation

The Memorial Coliseum has served Dane County, the surrounding community, and its guests well for decades. The venue retains its ability to effectively host its many events well into the future. The visionary nature of this building should be retained and complimented in a renovation and expansion of the facility.

Exterior design would build upon the aesthetics of the original design. Thermal performance of the materials should be inherent to the design and environmental sensitivity to views and choices in material sourcing. To embellish this iconic building, taller and deeper lobbies activate the existing East and West lobbies. Additionally, a new South lobby with additional patron elevators and grand stair are imagined to improve patron flow from the entire campus. Additional site improvements make this entry a natural draw for event patrons. A new ring of program is well suited to meet the demands of a venue with this seating capacity and projected number of hosted events. Additional concourse width will encourage community and support the commercial viability of the facility in expanded food and beverage offerings. Likewise, an addition of storage and staging with direct access to the event floor will improve the operability of the facility and should add to the draw of hosting events of all varieties. Improvements to the mechanical, electrical, and IT backbone of the facility are recommended enhancements that are less visible enhancements that directly affect the experience by guests and service providers. Rigging, show power, and lighting improvements are recommended to add ability to draw bigger acts to the venue. A mindfulness to retain similar seating capacity to current accommodations is considered with these suggestions. Some seating improvements, modifications, and code compliant accessible seating improvements should be considered to improve the patron experience. At the core of the renovation and expansion is the function of facility and proven metrics to extend the life of a facility. A renovated Coliseum is more cost effective than a new building and exemplifies a mindset to treasure community assets for the next generation.

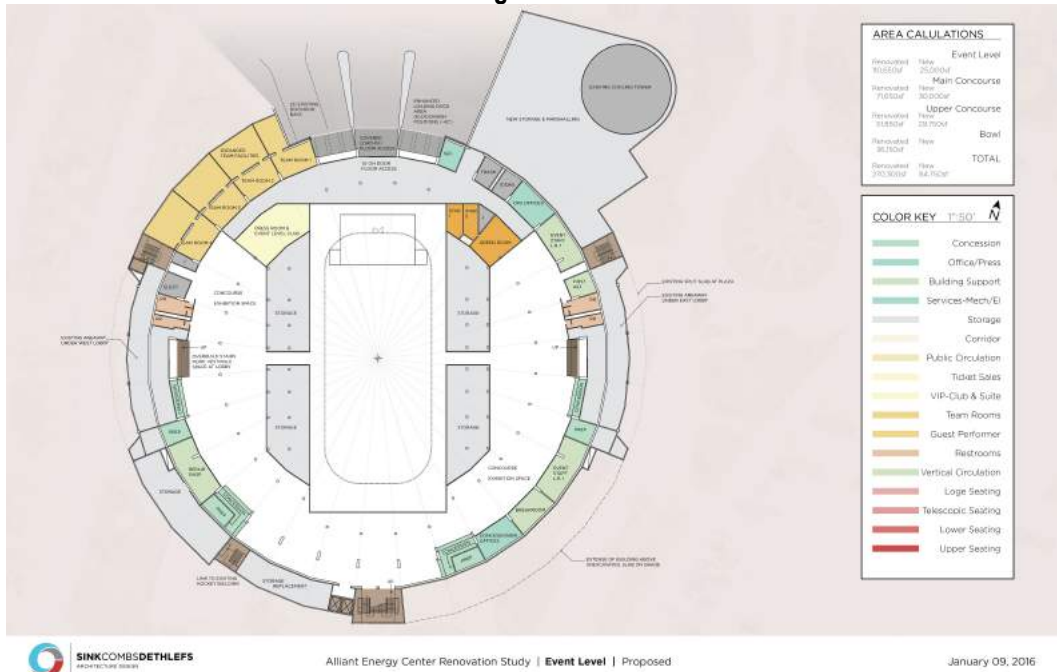
The following figure shows the existing event level of the Coliseum.

Figure 11-6



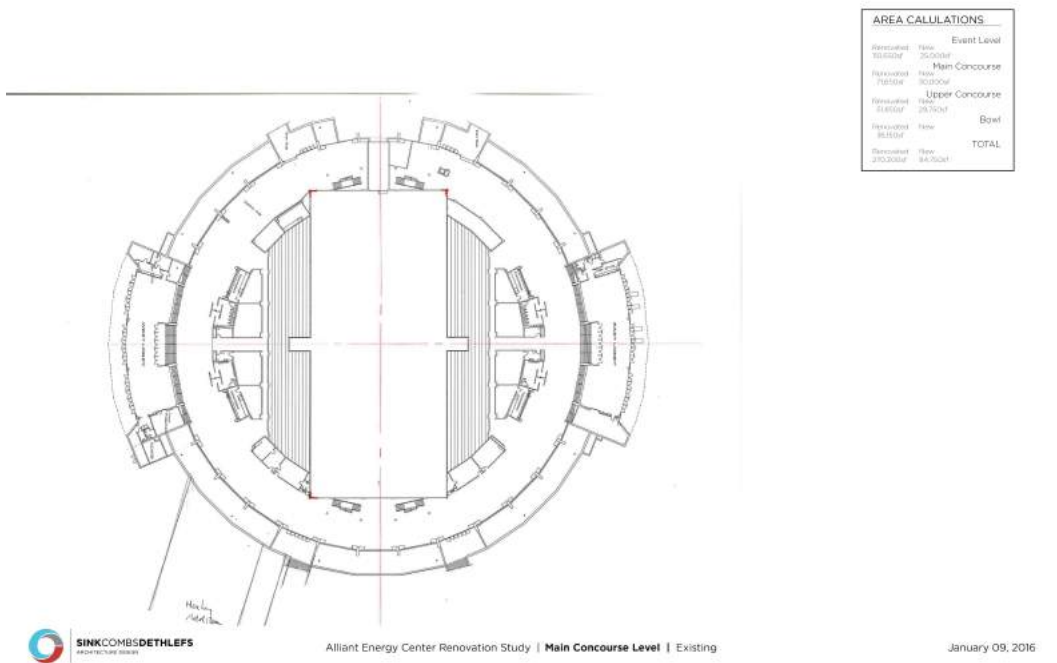
The following figure shows the proposed event level.

**Figure 11-7**



The following figure shows the existing main concourse level.

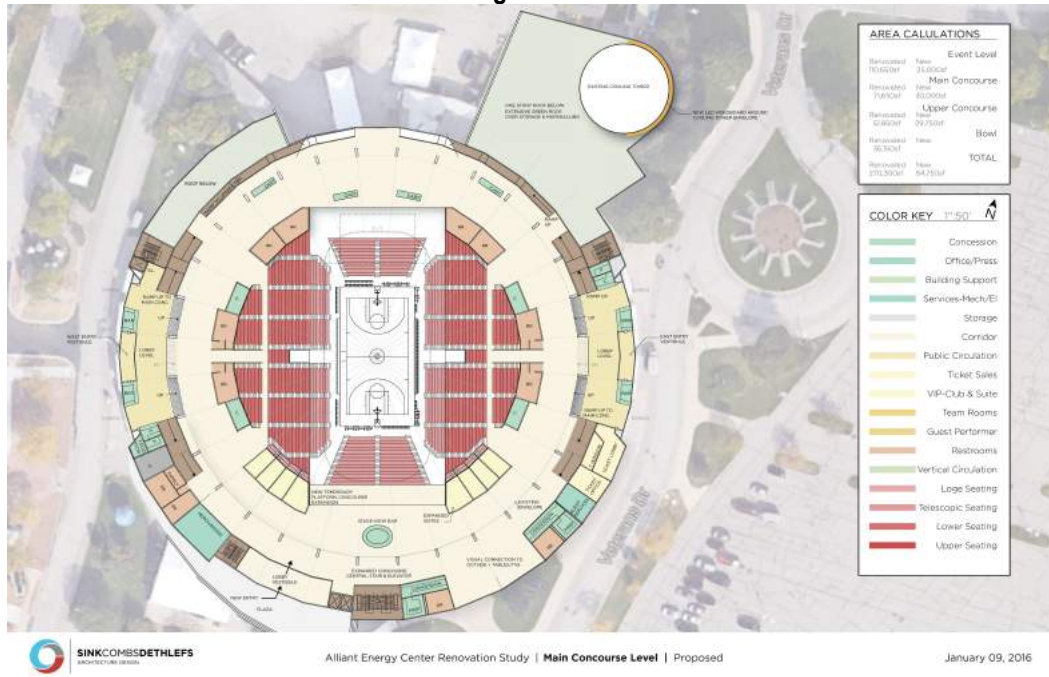
**Figure 11-8**





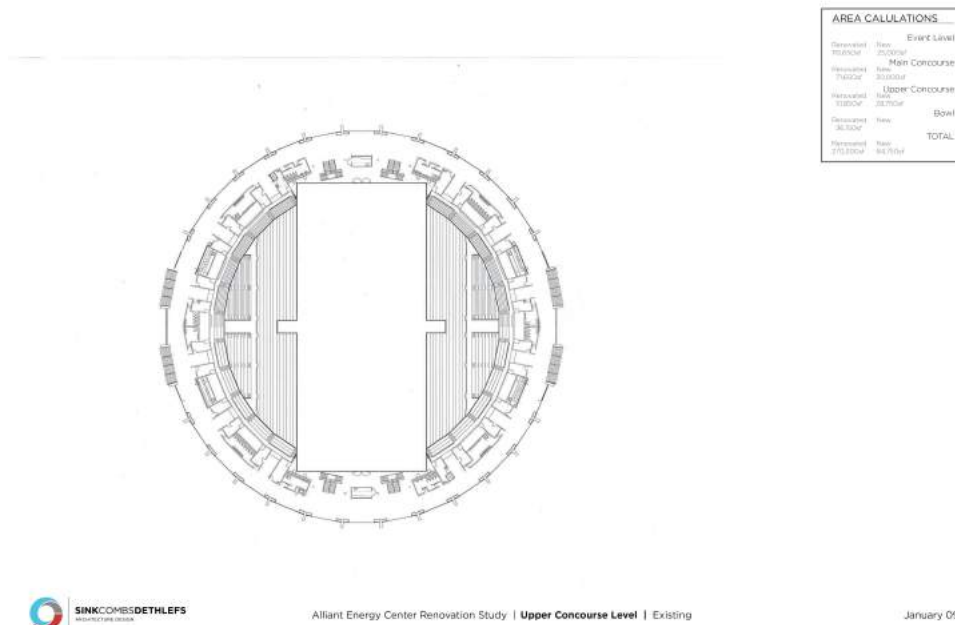
The following figure shows the proposed main concourse level.

**Figure 11-9**



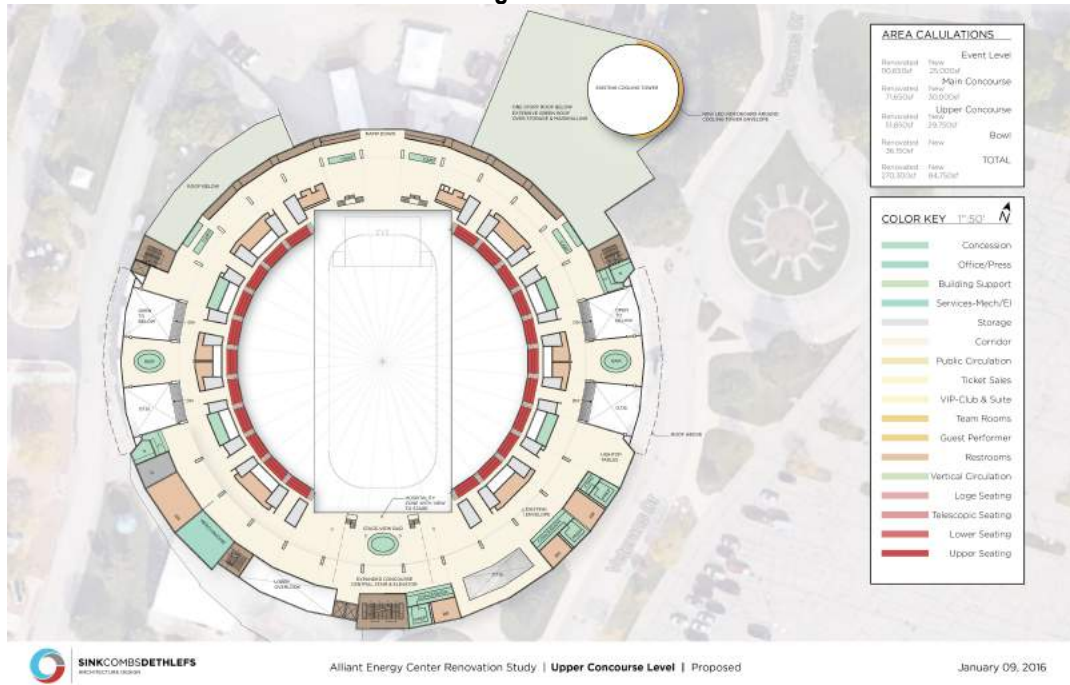
The following figure shows the existing upper concourse level.

**Figure 11-10**



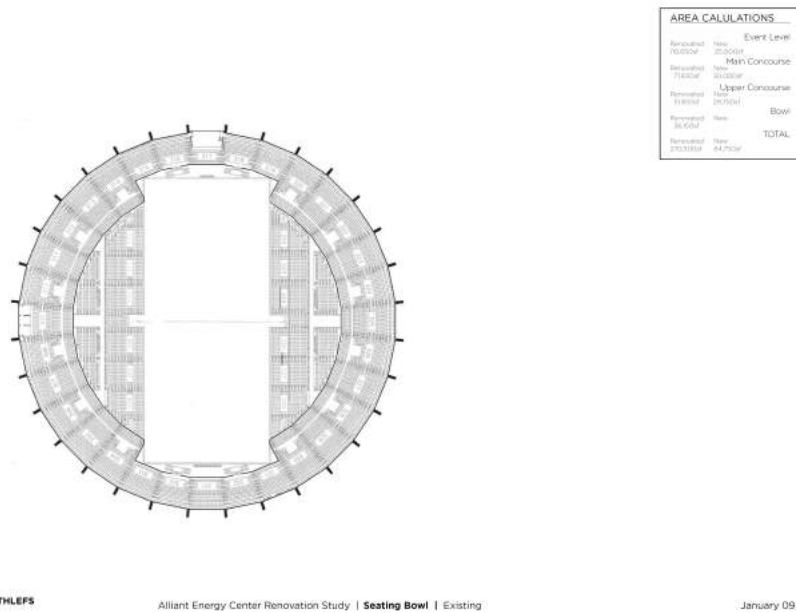
The following figure shows the proposed upper concourse level.

**Figure 11-11**



The following figure shows the existing seating bowl.

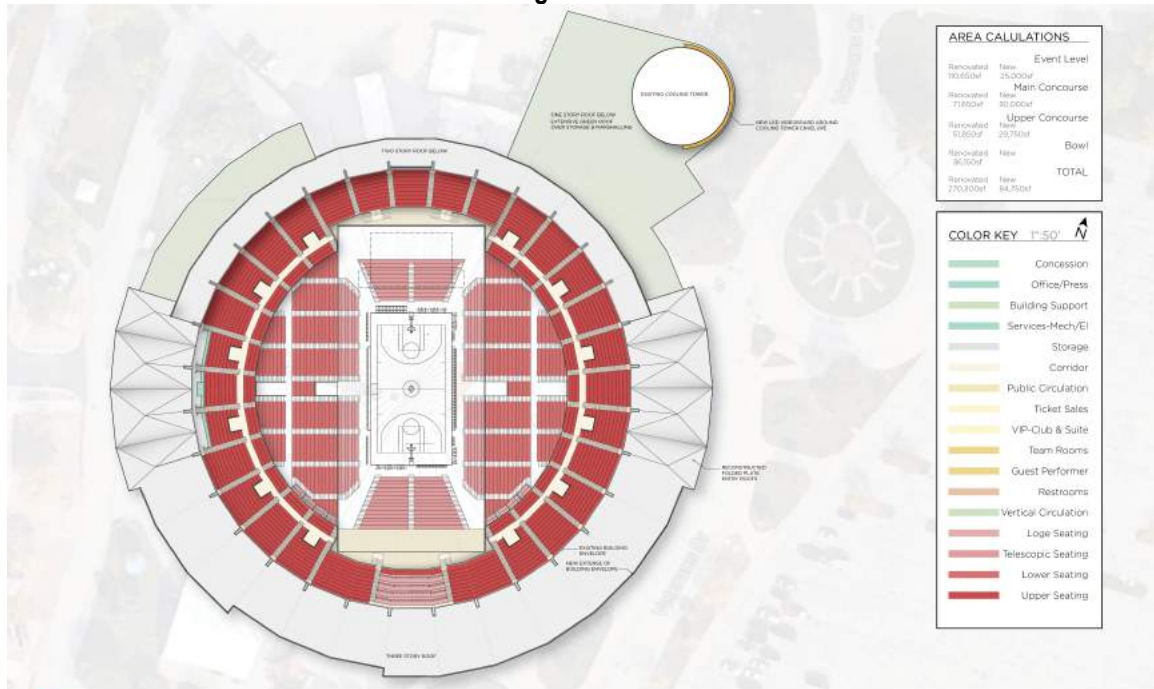
**Figure 11-12**





The following figure shows the proposed seating bowl.

Figure 11-13



## Renderings

The following figure shows a concept for the new Main Street on the AEC campus.

Figure 11-14



Alliant Energy Center

"Main Street" at Restaurants

03.21.2017 MKSKO

The following figure shows a concept for the AEC ring road.

Figure 11-15



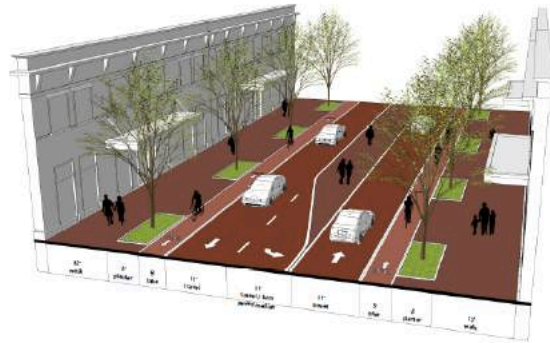
Alliant Energy Center

Ring Road

02.27.2017 MKSKO

The following figure shows a concept for the campus core streets.

Figure 11-16



Alliant Energy Center

Campus Core - Festival Streets

03.27.2017 MKSKO

The following figure shows a concept for the bicycle and pedestrian access point on the AEC campus.

Figure 11-17



Alliant Energy Center

Bicycle and Pedestrian Access Point at Bram Street

03.27.2017 MKSKO

The following figure shows a concept for the land bridge and outdoor dining areas on restaurant row.

Figure 11-18



Alliant Energy Center

Land Bridge and Outdoor Dining areas at Restaurants

02.27.2017

MKSKO

## Governance

One of the most important decisions for a public entity that is considering the short- and long-term strategies for large public venues is the management structure of the facilities. The manner in which a municipality or county structures the type of management of the facilities is central to the success of the project. Community leaders need to implement the best management structure under which public facilities would operate to best suit the needs of the county, and to foster the success of the project.

### *Pros and Cons of Management Structures*

Facilities can be effectively run within any structure if the right, qualified management personnel are in place and the incentives and expectations are appropriate for such management. Also, it is critical that the owner (whether a municipality, authority, etc.) understands the sports, entertainment, events, conventions and hospitality industry. An undereducated owner (regarding this industry) coupled with any management team provides an opportunity for economic and mission failure. Within any structure, safeguards and expectations must be in place to ensure everyone is operating with the same goals.

The two dominant types of management are public operation through the owner's employees, or private management that contracts with the municipal owner. As with ownership structure, pros and cons exist for both types of management of event facilities.

### *Private Management*

The following are implications of choosing a private management company:

- Competition drives improvements. There are several major management companies for arenas, events centers and similar facilities. By making them compete initially for a contract, the owner has a choice of vendors who will commit to excellence. Then, by reviewing and re-bidding the contract every four to five years, the threat of continued review and competition will keep the existing manager on point and allow the other bidders to offer something better.
- Such companies specialize in public assembly facility management, including convention centers, arenas and event centers, are generally members of the trade association IAVM and should be able to operate the facilities in a competent and creative manner.
- Management companies know how to maximize revenue and minimize expenses without hurting service. They also know how to staff the building with the minimum amount of manpower (which is the largest portion of expenses for a events center). Because staff is generally non-union, under-performing employees can be terminated without a lengthy process. And if labor is union, companies are in a better position to negotiate than city staff that may have political concerns. Either way, payroll costs can be minimized.
- Because private management companies manage multiple facilities, they typically train managers over time through junior roles and advance them to manage facilities only when adept at the job. They also have a network of resources (contacts, training) to assist if the local building should need additional resources.
- Private managers should be well versed in negotiating food and beverage contracts, advertising and sponsorship deals, and related deals for the building.
- If an owner (municipality or authority) is unhappy with the job of management, they have several options to remedy the situation, including requesting the removal of the manager through the management company. The management company can then provide options to the owner for replacing the manager in question.
- Private management companies have relationships with national and regional event promoters, planners and other facility users and this provides several benefits:
  - Private management should be able to fill space within their booking window due to their relationships with such event promoters.
  - Such companies can develop custom shows and events with these promoters specifically for the market if a gap exists in the market.
  - Multi-venue deals can decrease costs for the facility.
- Because of performance-based compensation, operating results should be stronger.
- Generally speaking, private management companies have a more efficient and quicker procurement process for goods and services than the public contracting process.
- Private management companies charge fees above and beyond the cost of their general manager. The management fee is typically a flat amount with a bonus that can be achieved by meeting certain goals annually. These deal points are critical to the building's success and should be reviewed carefully. Ultimately, the efficiency, customer service, and financial results produced via the management company should more than make up for their fee, but deal negotiation is still critical.



- There can be a concern of lack of control by the municipal owner over a private management company, but those checks and balances are recommended by HSP and can be properly calibrated with the right agreement.
- General managers could potentially turn over at a higher rate as new opportunities present themselves within the company's other facilities. However, this can also occur amongst public managers.

### *Public Management*

The following are discussion items related to public management:

- Managers working directly for the public sector owner can be successful and effective in terms of operations if they have been trained in the industry and have excelled in other markets. However, it is key that their contract has the same stipulations that a private management company would in terms of management, marketing, revenue generation, expense control, customer service, etc. Also, it is imperative that the owner (if it is a not-for-profit corporation or the municipality directly) either be competent in arena/events center and hospitality management and marketing and/or retain an owner's rep/asset manager who can review and interpret the performance of management for the owner. Managers, whether public or private, control the data and message related to that data for the facility and it is therefore very important that someone who knows the industry can ask the right questions and review compliance with performance objectives. This can also be mitigated somewhat through the management contract.
- If the manager and staff are extensions of the public sector, they can be influenced by political and other public sector personalities and decisions. One administration may not want to retain a past administration's manager and could demand the change, despite good performance by the manager. Or the opposite could occur, where the facility's performance suffers because municipal leaders keep the non-performing manager in place in order to maintain personal relationships.
- When event facilities are extensions of city departments and are not stand-alone enterprises, the revenues and expenses (and subsidies) can get mixed in with other department funds and can be hard to determine. This occurs in certain municipalities and can cause great financial confusion. Setting up the building as an enterprise keeps the responsibility for its performance within the building.

These types of facilities are significant businesses and must be responsive to the needs of the market. When well run, they can generate net income for the owner. If treated as a public amenity, they can cause significant financial deficits, which the owner – in most cases, the public sector, would cover. As such, if they are to be owned and operated by the public sector, then a separate enterprise entity should be created to operate the sports complex. The goal for the venue will be to both generate economic and fiscal impacts as well as maximize revenue and minimize expenses. However, one or more private entities operating the facility like a business and renting the facility from the public would put the risk on the private sector and away from the public sector.

### *Authority Directed Management*

A third, popular way to govern public event facilities is with an authority model. This occurs when an independent authority (often appointed by elected officials) hires an independent manager or a management company to run the facility. The CVB (convention and visitor bureau) can be included under this structure as well as, and report to, or receive funding from the authority. The authority receives funding from dedicated tax revenues most often. Essentially, the facility management team (private company or independent team directly hired by the authority) would report to the authority. Also, the CVB could receive funding and report up to the Authority. This would ensure cooperation between the CVB and facility stakeholders and also make sure the efforts of the total structure are aligned.

Such a structure would not need to include the CVB. However, the key is that a permanent funding mechanism would support the AEC and a non-political body would asset manage the facility and hire an independent manager. This can also keep the facility from direct day to day influence by and on the current leadership, regardless of their position on the value of the AEC.

In HSP's view, the authority model presents the best of both worlds, as it includes enough public influence to be beneficial, but not so much that it could be a long-term drag or challenge to day-to-day and long-term operations. It also allows for independent management, not necessarily private management. This keeps the management team accountable to the authority, which has an arms-length relationship with County and potentially city leadership.

### **Conclusion**

Dane County has a unique opportunity to take a successful and impactful campus and leverage the current economic and political conditions to recreate the campus in a way that doubles its impact on the community. With strong leadership at the helm throughout County government, a committed CVB and strong management, the time is potentially ideal to move forward with a funding, governance and redevelopment plan that addresses the recommended improvements, especially the Coliseum. As the biggest drain on the AEC's reputation and business levels, transforming the Coliseum first has the potential to generate the positive energy of change that should usher in succeeding improvements, expansions and connectivity as recommended in this report.

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## DEMAND & FINANCIAL PROJECTIONS

This chapter shows the demand and operation projections for each individual facility following the recommended improvements at the AEC. Projections assume an experienced management team is utilized and the CVB is provided more resources in terms of convention sales and then markets the facility at levels comparable to other complexes of this size. Pre-marketing for meetings and conventions should take place immediately upon financing of the project.

### Veterans Memorial Coliseum

The following table shows the expected number of events, by type at the renovated Veterans Memorial Coliseum.

**Table 12-1**

Projected Schedule of Events by Category and Year										
Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Minor League Hockey	30	30	30	30	30	30	30	30	30	30
Minor League Hockey - Preseason	1	1	1	1	1	1	1	1	1	1
Ag-Related	6	7	8	8	8	8	8	8	8	8
Family Shows	8	10	12	12	12	12	12	12	12	12
Concerts	9	11	12	12	12	12	12	12	12	12
Other Sporting Events	35	35	35	35	35	35	35	35	35	35
Graduations	2	3	4	4	4	4	4	4	4	4
Flat-Floor Events (Conventions, etc.)	9	10	11	11	11	11	11	11	11	11
Meetings/Banquets	24	30	36	36	36	36	36	36	36	36
<b>Total</b>	<b>124</b>	<b>137</b>	<b>149</b>	<b>149</b>	<b>149</b>	<b>149</b>	<b>149</b>	<b>149</b>	<b>149</b>	<b>149</b>

Source: Hunden Strategic Partners

The renovated Coliseum is projected to host a total of 149 events by stabilization, including 31 minor league hockey games. Family shows and concerts are expected total nearly 24 by stabilization, an increase of 12 annual events from 2016. These are individual performances, not acts (circus, for example, would be considered three performances). Many events will use the flat floor of the arena for expos, trade shows, rodeo, equestrian and other ag-related events. In addition, direct selling conventions and religious meetings also use large arenas for their events. In total, 149 annual events are expected, although HSP believes this number could be higher.

The next table shows the expected annual attendance by type of event.

**Table 12-2**

Projected Paid Attendance by Category and Year										
Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Minor League Hockey	58,000	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800	48,800
Family Shows	46,400	58,000	69,600	69,600	69,600	69,600	69,600	69,600	69,600	69,600
Concerts	58,500	71,500	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Other Sporting Events	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Graduations	9,000	12,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Flat-Floor Events (Conventions, etc.)	18,000	20,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Meetings/Banquets	2,400	3,000	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
Total	316,500	342,100	369,800	369,800	369,800	369,800	369,800	369,800	369,800	369,800

Source: Hunden Strategic Partners

Attendance is projected to start at 316,700 and increase to more than 370,000 annually by stabilization, an increase of more than 180,000 annual attendees compared to 2016 numbers.

The following table summarizes the projected performance of the Coliseum following the recommended improvements.

**Table 12-3**

Projection of Coliseum Stabilized Performance After Improvements			
	2017 Dollars	Attendance by Event Type	Stabilized
<b>Rev</b>			
Rent	\$930,000	Minor League Hockey	48,000
Catering & Concessions	\$710,000	Pre-Season Hockey	800
Parking	\$730,000	Ag-Related	28,800
Equipment Rental	\$200,000	Family Shows	69,600
Electric and Sound Tech	\$170,000	Concerts	78,000
Other	\$480,000	Other Sporting Events	105,000
Total	\$3,220,000	Graduations	14,000
		Flat-Floor Events/Convention	22,000
		Meetings/Banquets	3,600
		Total	369,800
<b>Exp</b>			
Personnel	\$1,240,000		
Utilities	\$500,000		
Repairs and Maintenance	\$100,000		
Other	\$220,000		
Contract	\$390,000		
Total	\$2,450,000		
Net Operating Income	\$770,000		

Source: Hunden Strategic Partners

HSP projects a net operating income of approximately \$770,000 at the renovated Veterans Memorial Coliseum.

### Exhibition Hall and Conference Center Projections

The following table shows the projected revenues, expenses, and stabilized attendance for the Exhibition Hall and Conference Center following the recommended improvements to the Alliant Energy Center.



**Table 12-4**

**Projection of Exhibition & Conf. Ctr. Stabilized Performance After Improvements**

	2017 Dollars	Attendance by Event Type	Stabilized
<b>Revenue</b>			
Rent	\$3,440,000	Conventions, Conferences	40,905
Catering & Concessions	\$2,370,000	Consumer Shows	209,388
Parking	\$940,000	Sporting Event	24,801
Equipment Rental	\$1,300,000	Trade Show	15,742
Electric Sound and Tech	\$910,000	Banquets/Receptions	38,578
Other	\$360,000	Meetings Room Events	11,687
Total	<u>\$9,320,000</u>	Agriculture	85,884
		Concert/Family Show	5,588
		Festival	15,285
		Total	<u>447,858</u>
<b>Expense</b>			
Personnel	\$3,570,000		
Utilities	\$750,000		
Repairs and Maintenance	\$230,000		
Other	\$490,000		
Contract	\$200,000		
Total	<u>\$5,240,000</u>		
Net Operating Income	<u><u>\$4,080,000</u></u>		

Source: Hunden Strategic Partners

Compared to the 2016 attendance of 323,000, HSP projects an increased attendance of more than 100,000 by stabilizations at the expanded Exhibition Hall and Conference Center. The number of stabilized attendees will be continue to be dominated by consumer shows and agricultural events, however, HSP projects an increase in banquet/reception attendees and conventions as a result of the ballroom development and meeting room expansion. Overall, HSP projects an annual attendance of 448,000 at the Exhibition Hall following improvements. HSP also projects a net operating income \$4 million at the expanded Exhibition Hall and Conference Center.

**Pavilions**

The following table shows the projected revenues, expenses, and stabilized attendance for the Pavilions following the recommended improvements to the Alliant Energy Center.

**Table 12-5**

<b>Projection of Pavilions Stabilized Performance After Improvements</b>			
	<b>2017 Dollars</b>	<b>Attendance by Event Type</b>	<b>Stabilized</b>
<b>Revenue</b>			
Rent	\$840,000	Conventions, Conferences	726
Concessions	\$70,000	Consumer Shows	20,981
Parking	\$120,000	Sporting Event	1,151
Equipment Rental	\$40,000	Trade Show	0
Electric Sound and Tech	\$20,000	Banquets/Receptions	0
Other	\$100,000	Meetings Room Events	0
<b>Total</b>	<b>\$1,190,000</b>	Agriculture	143,449
		Concert/Family Show	7,120
		Festival	34,005
<b>Expense</b>			
Personnel	\$500,000	<b>Total</b>	<b>207,432</b>
Utilities	\$280,000		
Repairs and Maintenance	\$50,000		
Other	\$180,000		
Contract	\$50,000		
<b>Total</b>	<b>\$1,060,000</b>		
<b>Net Operating Income</b>	<b>\$130,000</b>		

Source: Hunden Strategic Partners

Compared to the 2016 attendance of 142,000, HSP projects an increased attendance of more than 60,000 attendees by stabilizations at the expanded Pavilions following the recommended improvements to the AEC. The number of stabilized attendees will be continue to be dominated by consumer shows and agricultural events, which will increase following the development of the permanent show barn and improved amenities on campus. Overall, HSP projects an annual attendance of 207,000 at the Exhibition Hall following improvements. HSP projects a net operating income of \$130,000 at the Pavilions.

### **Willow Island and Quann Park**

The following table shows the projected revenues, expenses, and stabilized attendance for the Pavilions following the recommended improvements to the Alliant Energy Center.

**Table 12-6**

<b>Projection of Willow Island &amp; Quann Park Stabilized Performance After Improvements</b>			
	<b>2017 Dollars</b>	<b>Attendance by Event Type</b>	<b>Stabilized</b>
<b>Rev</b>			
Rent	\$130,000	Conventions, Conferences	0
Concessions	\$140,000	Consumer Shows	0
Parking	\$50,000	Sporting Event	44,774
Equipment Rental	\$10,000	Trade Show	0
Electric Sound and Tech	\$10,000	Banquets/Receptions	0
Other	\$220,000	Meetings Room Events	0
Total	\$560,000	Agriculture	0
		Concert/Family Show	0
		Festival	145,924
<b>Exp</b>			
Personnel	\$240,000	Total	190,698
Utilities	\$50,000		
Repairs and Maintenance	\$40,000		
Other	\$40,000		
Contract	\$20,000		
Total	\$390,000		
Net Operating Income	\$170,000		

Source: Hunden Strategic Partners

Compared to the 2016 attendance of 157,000, HSP projects an increased attendance of more than 30,000 attendees by stabilizations at Willow Island and Quann Park following the recommended improvements to the AEC. The number of stabilized attendees will be continue to consistent primarily of festival attendees, which will increase following the improved connectivity and access to campus, as well as the development of on-site restaurants and other amenities. Overall, HSP projects an annual attendance of 191,000 at Willow Island and Quann Park following improvements to AEC. HSP projects a net operating income of \$170,000 for Willow Island and Quann Park.

### Summary

The following table summarizes the projected stabilized revenue and expenses for the Alliant Energy Center facilities compared to their 2015 performance. Financial projections are shown for each individual facility, and do not include the administrative revenues and expenses for the AEC.

**Table 12-7**

<b>Stabilized Revenue and Expense Projections - All Recommended Improvements*</b>			
	<b>2015</b>	<b>Expanded/Stabilized</b>	<b>Change</b>
<b>Revenue</b>			
Coliseum	\$1,964,667	\$3,220,000	64%
Exhibition & Conference Center	\$5,473,836	\$9,320,000	70%
Pavilions	\$760,307	\$1,190,000	57%
Willow Island & Quann Park	\$492,809	\$560,000	14%
<b>Total</b>	<b>\$8,691,619</b>	<b>\$14,290,000</b>	<b>64%</b>
<b>Expense</b>			
Coliseum	1,500,069	\$2,450,000	63%
Exhibition & Conference Center	2,971,638	\$5,240,000	76%
Pavilions	748,987	\$1,060,000	42%
Willow Island & Quann Park	353,331	\$390,000	10%
<b>Total</b>	<b>5,574,025</b>	<b>9,140,000</b>	<b>64%</b>
<b>Net Operating Income</b>	<b>\$3,117,594</b>	<b>\$5,150,000</b>	<b>65%</b>

\*2017 Dollars  
Source: Hunden Strategic Partners

HSP projects a 64 percent increase in revenues by the stabilized year, resulting in a total operating revenue of 14.3 million for the AEC facilities. HSP projects an increase in expenses of \$3.6 million, resulting in an increase in net operating income of more than \$2 million for the AEC facilities if all recommended expansions and improvements occur. The largest changes physically would be to the Exhibition and Conference Center as well as the Coliseum, which would be completely renovated and expanded.

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## ECONOMIC, FISCAL & EMPLOYMENT IMPACT ANALYSIS

The incremental impact of the AEC renovation and expansion includes spending from new and recaptured visitors (daytrippers as well as overnighters) and will increase economic activity. This will result in higher fiscal activity, income and employment for the Dane County economy.

The rationale for public sector investment is the total economic, tax and jobs impact that it generates during construction and throughout its lifetime. HSP estimated the impacts over a 30-year timespan to understand how much activity would be generated over the life of a project and the funding mechanism for the project.

HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the Dan County economy due to additional inputs. For example, for every dollar of direct new spending in Dane County, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a convention attendee's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the convention attendee's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Fiscal Impacts** represent the incremental tax revenue collected by the community due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit. Fiscal impacts provide an offset to the potential public expenditures required to support the development.
- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

There are a variety of impacts to Dane County from the Project, including increases in existing visitor spending due to better facilities, new group attendee spending and new exhibitor spending.

## Exhibition Hall and Conference Center

The following table summarizes the visitor assumptions, net new day trips, and net new room nights resulting from the recommended improvements to the AEC at the Exhibition Hall and Conference Center.

**Table 13-1**

**Metrics and Assumptions Used to Determine Net New Visitors to Dane County at Expanded Exhibition Hall and Conference Center (Stabilized Year)**

	Percent of Visitors Non- Dane County	Percent of Non-Dane County Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non-Dane County Visitors Making a Daytrip	Number of Non-Dane County Visitors Staying Overnight	Visitors per Room Night	Total Room Nights to Dane County	Total Day Trips to Dane County
Conventions, Conferences	85%	95%	81%	5%	33,031	1.4	47,187	1,738
Consumer Shows	50%	33%	17%	67%	34,549	1.9	23,639	70,145
Trade Show	80%	80%	64%	20%	10,075	1.8	8,396	2,519
Banquets/Receptions	30%	65%	20%	70%	7,523	1.8	4,179	8,101
Meetings Room Events	65%	40%	26%	60%	3,039	1.5	2,532	4,558
Agriculture	90%	80%	72%	20%	61,836	2	46,377	15,459
Conventions, Expos & Large Flat Floor Even	50%	60%	30%	40%	1,676	1.7	986	1,118
Festival	50%	50%	25%	50%	3,821	2	2,293	3,821
<b>Total</b>	<b>94.0%</b>	<b>60.5%</b>	<b>40.4%</b>	<b>59.6%</b>	<b>164,230</b>	<b>1.16</b>	<b>141,376</b>	<b>111,180</b>
<b>Existing</b>							<b>92,277</b>	<b>88,080</b>
<b>Net New from Expanded Exposition Center, Ballroom &amp; Meeting Rooms</b>							<b>49,099</b>	<b>23,099</b>

Source: HSP

As shown, more than 49,000 room nights and 23,000 day trips are expected to be net new to Dane County as a result of the improvements by the stabilized year. The majority of the overnight impact (more than 60 percent) will be generated by conventions, conferences, and agriculture events, while the increase in daytrips will result from larger consumers shows.

The daily spending by visitors and the overnight spending by overnight visitors all contribute to the economic impact of the Project. Spending by category, conservatively estimated based on a number of inputs, was populated in the model. The one-time construction of the Project will impact Dane County as spending will occur via the purchase of materials (40 percent of the budget) and the payment of labor and service providers (60 percent of the budget). HSP estimated a total project cost, including soft costs, of \$121.6 million for Exhibition Hall and Conference Center project. The fiscal impacts from the Project benefit to the community via taxes generated, essentially through new lodging tax and sales taxes. The local taxes considered for this analysis were:

- County sales tax (0.5 percent)
- City of Madison lodging tax (9 percent)
- Town of Madison lodging tax (8 percent)

The following table summarizes the 30-year impact of the expanded Exhibition Hall and Conference Center at the AEC.

**Table 13-2**

<b>Summary of Impact (30 Years) - Expanded Exhibition Hall &amp; Conference Center</b>	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$1,193
Indirect	\$408
Induced	\$478
<b>Total</b>	<b>\$2,079</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$397
From Indirect	\$128
From Induced	\$143
<b>Total</b>	<b>\$668</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	204
From Indirect	69
From Induced	81
<b>Total</b>	<b>355</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
County Sales Tax (0.5%)	\$5.8
City Lodging Tax (9% City of Madison)	\$19.8
Town Lodging Tax (8% Town of Madison)	\$1.0
<b>Total</b>	<b>\$26.7</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$48.7
New Labor Spending	\$73.0
Job-Years, From Construction	1,348
Source: Hunden Strategic Partners	

Over the 30-year period, a total of more than \$2 billion in direct, indirect, and induced net new spending in Dane County is projected as a result of the expanded Exhibition Hall and Conference Center. The direct spending totals more than \$1.1 billion over the period, while the indirect and induced spending add another \$408 and \$478 million, respectively. More than \$668 million in direct, indirect, and induced earnings are projected over the 30-year period, while new full-time equivalent jobs (FTE's) are projected to total more than 350. Materials spending in Dane County is estimated to total \$48 million in direct, indirect and induced spending. The direct labor spending is approximately \$73 million and would support 1,348 job-years (one construction job for one year). In total, the project is expected to generate \$26.7 million in local taxes over the 30-year period.

## Coliseum

The following table summarizes the visitor assumptions, net new day trips, and net new room nights resulting from the recommended improvements to the AEC at the Veterans Memorial Coliseum.

**Table 13-3**

**Metrics and Assumptions Used to Determine Net New Visitors to Racine at the New Coliseum (Stabilized Year)**

	Percent of Visitors Non- Dane County	Percent of Non-Dane County Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non-Dane County Visitors Making a Daytrip	Number of Non-Dane County Visitors Staying Overnight	Visitors per Room Night	Room Nights Generated	Number of Non-Dane County Daytrips	% Net New to Dane County	Total Room Nights to Dane County	Total Day Trips to Dane County
Minor League Hockey	2%	30%	1%	70%	288	1.9	152	672	85%	129	571
Minor League Hockey - Preseason	2%	30%	1%	70%	5	1.9	3	11	85%	2	10
Family Shows	30%	30%	9%	70%	6,264	2.3	2,723	14,616	85%	2,315	12,424
Concerts	30%	30%	9%	70%	7,020	2.1	3,343	16,380	85%	2,841	13,923
Other Sporting Events	30%	45%	14%	55%	14,175	1.9	7,461	17,325	75%	5,595	12,994
Graduations	70%	80%	56%	20%	7,840	1.7	4,612	1,960	75%	3,459	1,470
Conventions, Expos & Large Flat Floor Events	55%	65%	36%	35%	7,865	1.5	10,487	4,235	75%	7,865	3,176
Meetings/Banquets	15%	35%	5%	65%	189	1.2	158	351	75%	118	263
<b>Total Existing</b>	<b>42.5%</b>	<b>28.4%</b>	<b>18.9%</b>	<b>81.1%</b>	<b>59,774</b>	<b>1.60</b>	<b>37,425</b>	<b>59,582</b>	<b>49.6%</b>	<b>29,540</b>	<b>48,258</b>
<b>Net New from Renovated Coliseum</b>										<b>10,451</b>	<b>21,598</b>

Source: HSP

As shown, more than 10,000 room nights and 21,000 day trips are expected to be net new to Dane County as a result of the improvements by the stabilized year.

The following table summarizes the 30-year impact of the recommended improvements at the AEC to the Coliseum. HSP estimated a total project cost of \$104 million for the Coliseum improvements.

**Table 13-4**

<b>Summary of Impact (30 Years) - Renovated Coliseum</b>	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$380
Indirect	\$131
Induced	\$153
<b>Total</b>	<b>\$663</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$128
From Indirect	\$41
From Induced	\$45
<b>Total</b>	<b>\$215</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	126
From Indirect	44
From Induced	51
<b>Total</b>	<b>221</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
County Sales Tax (0.5%)	\$2.1
City Lodging Tax (9% City of Madison)	\$4.3
Town Lodging Tax (8% Town of Madison)	\$0.3
<b>Total</b>	<b>\$6.6</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$41.9
New Labor Spending	\$62.8
Job-Years, From Construction	1,160
Source: Hunden Strategic Partners	

Over the 30-year period, a total of more than \$660 million in direct, indirect, and induced net new spending in Dane County is projected as a result of the improvements. The direct spending totals more than \$380 million over the period, while the indirect and induced spending add another \$131 and \$153 million, respectively. More than \$215 million in direct, indirect, and induced earnings are projected over the 30-year period, while new full-time equivalent jobs (FTE's) are projected to total more 221. Materials spending in Dane County is estimated to total \$41.9 million in direct, indirect and induced spending. The direct labor spending is approximately \$62.8 million and would support 1,160 job-years (one construction job for one year). In total, the project is expected to generate \$6.6 million in local taxes over the 30-year period.

## Pavilions

The following table summarizes the visitor assumptions, net new day trips, and net new room nights resulting from the recommended improvements to the AEC at the Pavilions.



**Table 13-5**

**Metrics and Assumptions Used to Determine Net New Visitors to Dane County at Pavilions (Stabilized Year)**

	Percent of Visitors Non- Dane County	Percent of Non-Dane County Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non-Dane County Visitors Making a Daytrip	Number of Non-Dane County Visitors Staying Overnight	Visitors per Room Night	Total Room Nights to Dane County	Total Day Trips to Dane County
Conventions, Conferences	85%	95%	81%	5%	586	1.4	837	31
Consumer Shows	55%	33%	18%	67%	3,808	1.9	3,006	7,732
Sporting Event	50%	70%	35%	30%	403	1.5	269	173
Trade Show	80%	80%	64%	20%	0	1.8	0	0
Banquets/Receptions	50%	65%	33%	70%	0	1.8	0	0
Meetings Room Events	70%	40%	28%	60%	0	1.5	0	0
Agriculture	90%	80%	72%	20%	103,283	2	77,463	25,821
Conventions, Expos & Large Flat Floor Events	65%	60%	39%	40%	2,777	1.7	1,633	1,851
Festival	50%	50%	25%	50%	8,501	2	5,101	8,501
<b>Total</b>	<b>48.3%</b>	<b>25.9%</b>	<b>67.5%</b>	<b>32.5%</b>	<b>119,358</b>	<b>1.35</b>	<b>88,309</b>	<b>44,108</b>
<b>Existing</b>							<b>56,461</b>	<b>30,831</b>
<b>Net New from Recommended Improvements</b>							<b>31,848</b>	<b>13,277</b>

Source: HSP

As shown, more than 31,000 room nights and 13,000 day trips are expected to be net new to Dane County as a result of the improvements by the stabilized year. The majority of the overnight impact (more than 87 percent) will be generated by agriculture events, while the increase in daytrips will result from larger consumers shows.

The following table summarizes the 30-year impact of the recommended improvements at the AEC to the Pavilions. HSP estimated a total project cost of \$7 million for the Pavilion improvements.

**Table 13-6**

<b>Summary of Impact (30 Years) - Pavilions</b>	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$717
Indirect	\$245
Induced	\$289
<b>Total</b>	<b>\$1,251</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$241
From Indirect	\$77
From Induced	\$86
<b>Total</b>	<b>\$404</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	227
From Indirect	78
From Induced	92
<b>Total</b>	<b>396</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
County Sales Tax (0.5%)	\$3.2
City Lodging Tax (9% City of Madison)	\$12.8
Town Lodging Tax (8% Town of Madison)	\$0.6
<b>Total</b>	<b>\$16.6</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$2.8
New Labor Spending	\$4.2
Job-Years, From Construction	78
Source: Hunden Strategic Partners	

Over the 30-year period, a total of more than \$1.2 billion in direct, indirect, and induced net new spending in Dane County is projected as a result of the improvements. The direct spending totals more than \$717 million over the period, while the indirect and induced spending add another \$245 and \$289 million, respectively. More than \$404 million in direct, indirect, and induced earnings are projected over the 30-year period, while new full-time equivalent jobs (FTE's) are projected to total more than 396. Materials spending in Dane County is estimated to total \$2.8 million in direct, indirect and induced spending. The direct labor spending is approximately \$4.2 million and would support 78 job-years (one construction job for one year). In total, the project is expected to generate \$16.6 million in local taxes over the 30-year period.

### **Willow Island and Quann Park**

The following table summarizes the visitor assumptions, net new day trips, and net new room nights resulting from the recommended improvements to the AEC at Willow Island and Quann Park.

**Table 13-7**

**Metrics and Assumptions Used to Determine Net New Visitors to Dane County at Willow Island & Quann Park (Stabilized Year)**

	Percent of Visitors Non- Dane County	Percent of Non-Dane County Visitors Who Stay Overnight	Percent of Total Visitors Staying Overnight	Percent of Non-Dane County Visitors Making a Daytrip	Number of Non-Dane County Visitors Staying Overnight	Visitors per Room Night	Total Room Nights to Dane County	Total Day Trips to Dane County
Sporting Event	10%	40%	4%	60%	1,791	1.5	1,194	2,686
Festival	40%	33%	13%	67%	19,262	2	11,557	39,108
<b>Total</b>	<b>11.0%</b>	<b>4.4%</b>	<b>12.1%</b>	<b>87.9%</b>	<b>21,053</b>	<b>1.65</b>	<b>12,751</b>	<b>41,794</b>
<b>Existing</b>							<b>9,103</b>	<b>35,420</b>
<b>Net New Due to Improvements</b>							<b>3,648</b>	<b>6,374</b>

Source: HSP

As shown, more than 3,600 room nights and 6,400 day trips are expected to be net new to Dane County as a result of the improvements by the stabilized year. The majority of the impact will be generated by festivals.

The following table summarizes the 30-year impact of the recommended improvements at the AEC to Willow Island and Quann Park. HSP estimated a total project cost of \$8.3 million for the improvements.

**Table 13-8**

<b>Summary of Impact (30 Years) - Willow Island &amp; Quann Park</b>	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$101
Indirect	\$35
Induced	\$41
<b>Total</b>	<b>\$177</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$34
From Indirect	\$11
From Induced	\$12
<b>Total</b>	<b>\$57</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	18
From Indirect	6
From Induced	7
<b>Total</b>	<b>31</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
County Sales Tax (0.5%)	\$0.5
City Lodging Tax (9% City of Madison)	\$1.5
Town Lodging Tax (8% Town of Madison)	\$0.1
<b>Total</b>	<b>\$2.0</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$3.4
New Labor Spending	\$5.0
Job-Years, From Construction	93
Source: Hunden Strategic Partners	

Over the 30-year period, a total of more than \$177 million in direct, indirect, and induced net new spending in Dane County is projected as a result of the improvements. The direct spending totals more than \$101 million over the period, while the indirect and induced spending add another \$35 and \$41 million, respectively. More than \$57 million in direct, indirect, and induced earnings are projected over the 30-year period, while new full-time equivalent jobs (FTE's) are projected to total 31. Materials spending in Dane County is estimated to total \$3.4 million in direct, indirect and induced spending. The direct labor spending is approximately \$5.0 million and would support 93 job-years (one construction job for one year). In total, the project is expected to generate \$2.0 million in local taxes over the 30-year period.

**Hotels and Restaurants**

In addition to the existing AEC facilities, HSP also projected the direct, indirect, induced, and fiscal impacts generated from the future hotels and restaurants on campus. The following table summarizes the 30-year

impact of the recommended hotel and restaurant developments at the AEC. HSP estimated a total project cost of \$193 million for the two hotels and eight restaurants.

**Table 13-9**

<b>Summary of Impact (30 Years) - Hotels &amp; Restaurants</b>	
<b>Net New Spending</b>	<b>(millions)</b>
Direct	\$1,035
Indirect	\$352
Induced	\$413
<b>Total</b>	<b>\$1,799</b>
<b>Net New Earnings</b>	<b>(millions)</b>
From Direct	\$340
From Indirect	\$112
From Induced	\$123
<b>Total</b>	<b>\$575</b>
<b>Net New FTE Jobs</b>	<b>Actual</b>
From Direct	406
From Indirect	139
From Induced	163
<b>Total</b>	<b>709</b>
<b>Local Taxes Collected</b>	<b>(millions)</b>
County Sales Tax (0.5%)	\$5.4
City Lodging Tax (9% City of Madison)	\$28.2
Town Lodging Tax (8% Town of Madison)	\$1.5
<b>Total</b>	<b>\$35.1</b>
<b>Construction Impact</b>	<b>(millions)</b>
New Materials Spending	\$77.3
New Labor Spending	\$116.0
Job-Years, From Construction	2,142
Source: Hunden Strategic Partners	

Over the 30-year period, a total of more than \$1.8 billion in direct, indirect, and induced net new spending in Dane County is projected as a result of the improvements. The direct spending totals more than \$1 billion over the period, while the indirect and induced spending add another \$352 and \$413 million, respectively. More than \$575 million in direct, indirect, and induced earnings are projected over the 30-year period, while new full-time equivalent jobs (FTE's) are projected to total 709. Materials spending in Dane County is estimated to total \$77 million in direct, indirect and induced spending. The direct labor spending is approximately \$116 million and would support 2,100 job-years (one construction job for one year). In total, the project is expected to generate \$35 million in local taxes over the 30-year period.

## Summary

The following table summarizes the net new visitation and impacts at the AEC facilities as a result of the recommended improvements.

**Table 13-10**

Summary of Visitation & Impacts at Major AEC Components											
Component	Current Attributed Attendance	Current Non-Dane County Daytrips	Net New Non-Dane County Daytrips	% CHANGE	Current Room Nights	Net New Room Nights	% CHANGE	30-Year New Spending (Millions)	New FTE Jobs	New 30-Year Local Taxes (millions)	Cost (millions)
New Hotels & Restaurants - Private	0	0	65,744	100%	0	69,204	100%	\$1,799	709	\$35	\$193.4
Ex Hall/Conference/Parking	323,448	88,080	23,099	26%	92,277	49,099	53%	\$2,079	355	\$27	\$121.7
Coliseum	186,862	26,660	21,598	81%	19,089	10,451	55%	\$663	221	\$7	\$104.7
Pavilions	141,977	30,831	13,277	43%	56,461	31,848	56%	\$1,251	396	\$17	\$7.1
Willow Island & Quann Park	157,000	35,420	6,374	18%	9,103	3,648	40%	\$177	31	\$2	\$8.4
<b>Total</b>	<b>809,287</b>	<b>180,992</b>	<b>130,092</b>	<b>72%</b>	<b>176,930</b>	<b>164,250</b>	<b>93%</b>	<b>\$5,969</b>	<b>1,711</b>	<b>\$87</b>	<b>\$435.2</b>
										<i>Est. Public %</i>	<b>56%</b>
										<i>Est. Public \$</i>	<b>\$241.9</b>

Source: Hunden Strategic Partners

HSP projects more than 130,00 net new non-Dane County day trips and 164,000 net new room nights per year as a result of the improvements recommended for the AEC. The projected 30-year new spending at the AEC totals nearly \$6 billion, and HSP projects more than 1,700 new full-time equivalent jobs as a result of the improvements. Overall, the 30-year fiscal impact for the project totals \$87 million.