

# Judge Doyle Square Project Board of Estimates Briefing

City Negotiating Team  
Monday, July 28, 2014

**DRAFT**

# Council Directed Negotiating Guidelines

1. Keep the Madison Municipal Building in civic use. A significant, active connection to the hotel and Pinckney Street is needed and the planning for the MMB and the adjacent hotel should be thought of as an integrated development.
2. The new structures on Block 88 must be of high design quality and respect the design requirements of the MMB as a National Register of Historic Places building, and create a project design that is compatible with surrounding buildings and uses.
3. The development must be affordable for the taxpayers and efficient in the use of City resources.
  - ✓ For Block 88, work to carefully analyze the TIF investment and focus on the public benefit of that investment.
  - ✓ The density of the Block 105 development must not require significant public investment beyond parking related costs to serve the new development.
4. Rebuild the Government East parking ramp at an affordable cost to the Parking Utility while realizing a new, walkable extension of the retail/entertainment district to the 200 block of South Pinckney Street.

# Council Directed Negotiating Guidelines

5. A significant amount of existing public parking supply should be maintained during the construction process.
6. Above ground parking should be visually appealing with its presence masked. No parking should be constructed at street level that is visible on S. Pinckney St.
7. An ironclad hotel room block agreement of 250 rooms, and a national affiliation (hotel flag) and a national sales force and reservation system for the hotel use are required.
8. The new hotel meeting/function space should complement Monona Terrace and create synergies with existing Madison hotels.
9. The project should have a community benefit by creating a sense of place for all Madisonians to interact and engage. The project team should negotiate opportunities for some affordable housing at 40% AMI, best practices for environmental sustainability, and community spaces for neighborhood groups.
10. The developer will enter into a Project Labor Agreement and establish a Community Work Agreement.

# Judge Doyle Square Project Timeline

## March 2012

Staff Report Provides Initial Summary of Findings

- ✓ Public Investment may be as much as \$50 million
- ✓ Outlined a preference for a full service hotel approach
- ✓ Recognized impacts are broader than the property taxes from the project alone
- ✓ Costs for parking likely to rise from the initial estimates as design progresses

## May / June 2013

RFQ Process Concludes

- ✓ Use of MMB as part of the project held out as an alternate option
- ✓ Proposal for a “hotel only” approach on Block 88 was not moved forward

## November 2013

Staff Report Provides a Comparison of Proposals

- ✓ Total Public Investment among the proposals was \$45 to \$78 million (excluding City Offices)
- ✓ Strong preference for a “destination” approach
- ✓ Desire for architectural quality consistent with MMB on Block 88
- ✓ Both JDS proposals used above grade parking to the extent possible
- ✓ Suggested masking of above-grade parking

## February 2014

RFP Selection Approved

- ✓ Elected to retain MMB as City Offices
- ✓ Called for an integrated development plan
- ✓ Requirement for a high design quality
- ✓ Meeting space to complement Monona Terrace
- ✓ Phasing to maintain significant parking
- ✓ Mask above grade parking

## March /July 2014

Project Concept Proposed with Cost Projections

- ✓ Retain MMB as City Office Space
- ✓ Provides E-W and N-S public circulation connections
- ✓ Incorporated program complementary to Monona Terrace
- ✓ All Block 88 parking pushed below grade

2012

2013

2014

# Design Summary

# Core Design Objectives

*The comparison against the core objectives were established to inform the design process:*

Core Objective	Plan Considerations
Authentic Destination	Destination elements include public gathering spaces, a redefinition of Pinckney Street and unique dining component
Meeting Space	Complementary Program to support Monona Terrace
Room Count	Approximately 311 Rooms will allow for the 250 Room Block
Civic Design Character	East-West and North-South connections and programming in the public gathering space will help to better activate the area
Integrated Development Plan	Connections provided from MLK through MMB into the core of the development  Block 105 incorporates loading services for both Block 88 and Block 105 allowing for more activation at street level
Viable Finance Plan	Public Investment focused on Core Destination Assets Maximize Market Supportable Tax Base and Fiscal Returns

# Street View Plan – MLK



# Street View Plan – Pinckney





# Massing Plan – Block 88 & Block 105



# Program Summary

## Block 88

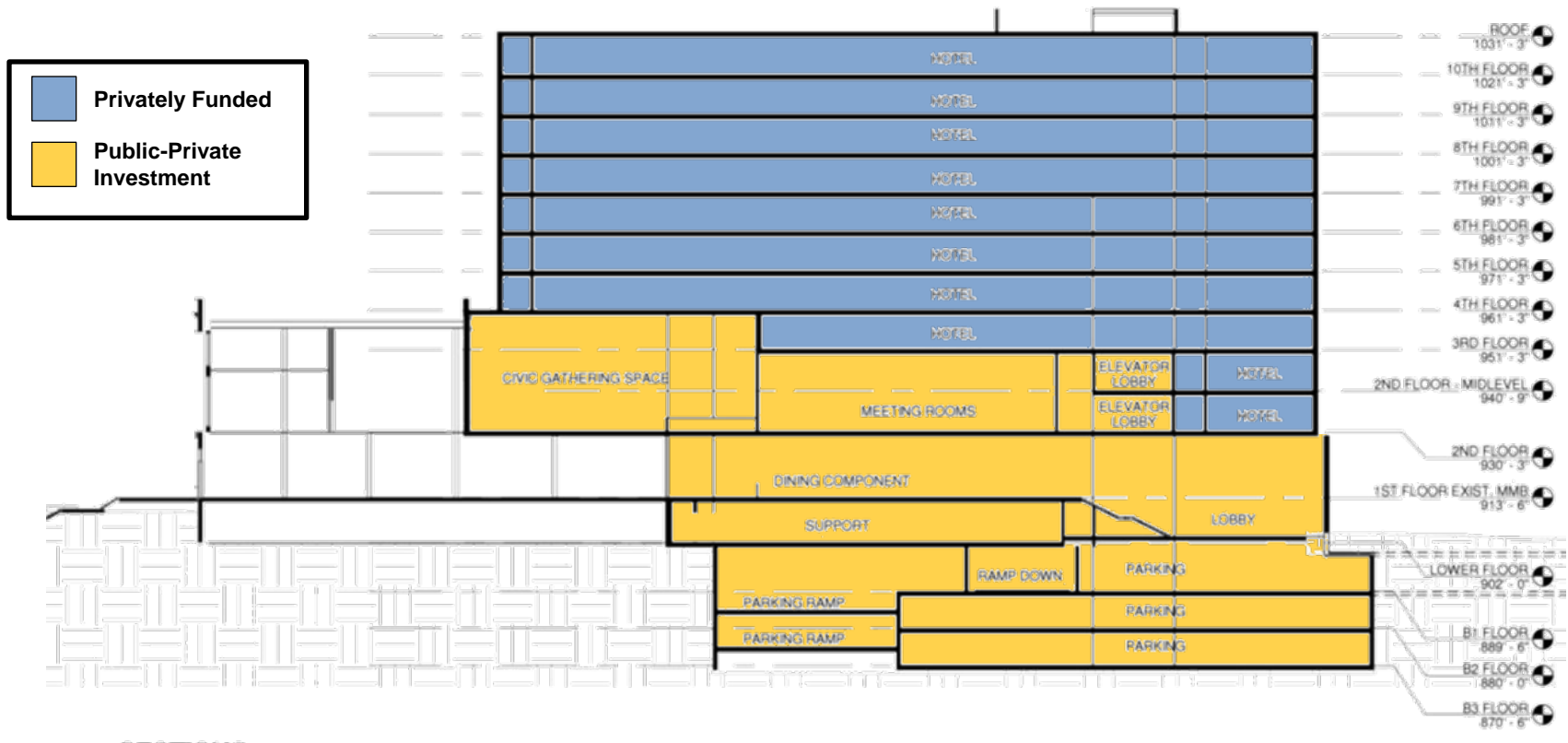
Parking Area	127,680 GSF
Parking Drive Connection	2,130 GSF
Civic and Public Circulation	36,445 GSF
<i>Vertical Transportation – Public</i>	<i>8,070 SF</i>
<i>Circulation – Public</i>	<i>5,740 SF</i>
<i>East West Public Connection</i>	<i>1,085 SF</i>
<i>North South Public Connection</i>	<i>2,670 SF</i>
<i>Civic Gathering Space</i>	<i>7,110 SF</i>
<i>Civic Space Circulation and Support</i>	<i>11,770 SF</i>
Hotel	190,110 GSF
Meeting Rooms	16,450 GSF
Dining Component	11,760 GSF
Wellness	8,365 GSF
Retail	12,085 GSF
<b>Total Gross Building Area</b>	<b>405,025 GSF</b>

Hotel Rooms	311
Parking Stalls	283

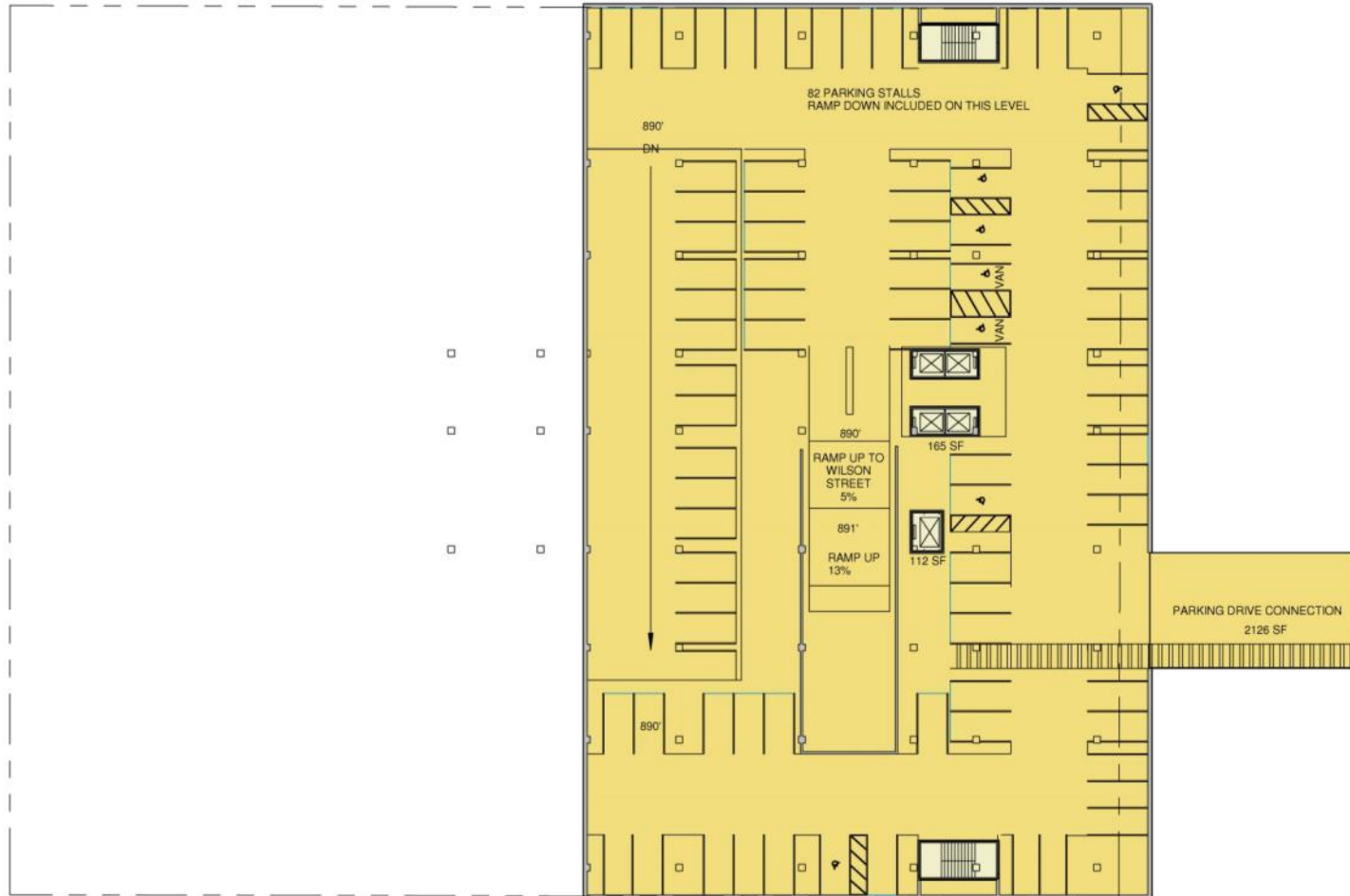
## Block 105

Parking Area	292,445 GSF
Loading Dock	6,260 GSF
Bike Center	4,900 GSF
Retail	6,260 GSF
Residential	187,705 GSF
<b>Total Gross Building Area</b>	<b>497,570 GSF</b>
Residential Units	140
Parking Stalls	698

# E-W Section – Block 88



# Below Grade Parking – Block 88



# Wilson / Pinckney Street Entry Level – Block 88

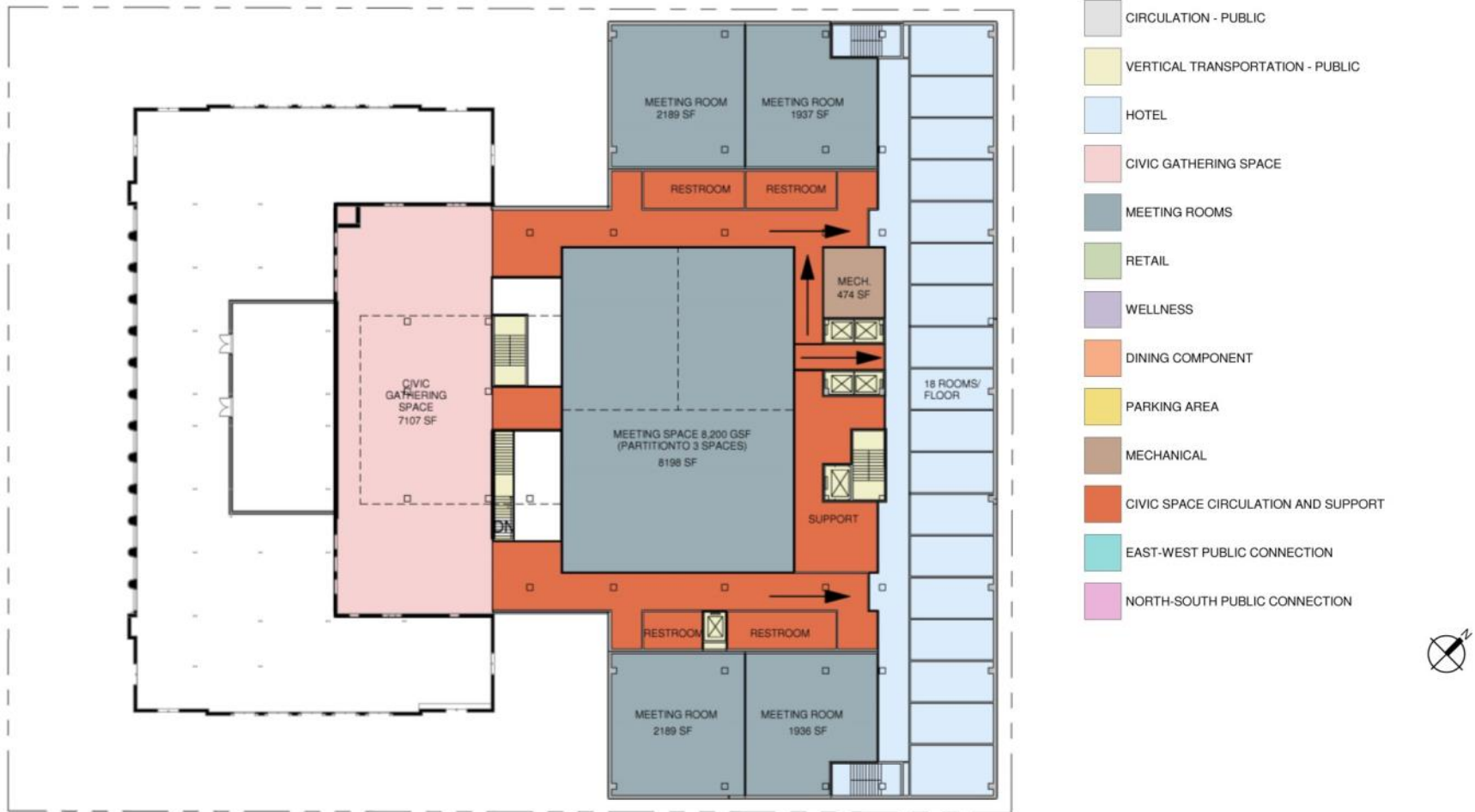


# Doty Street Entry Level – Block 88





# Civic Gathering / Meeting Space Level – Block 88



# Level 3 Hotel Rooms – Block 88

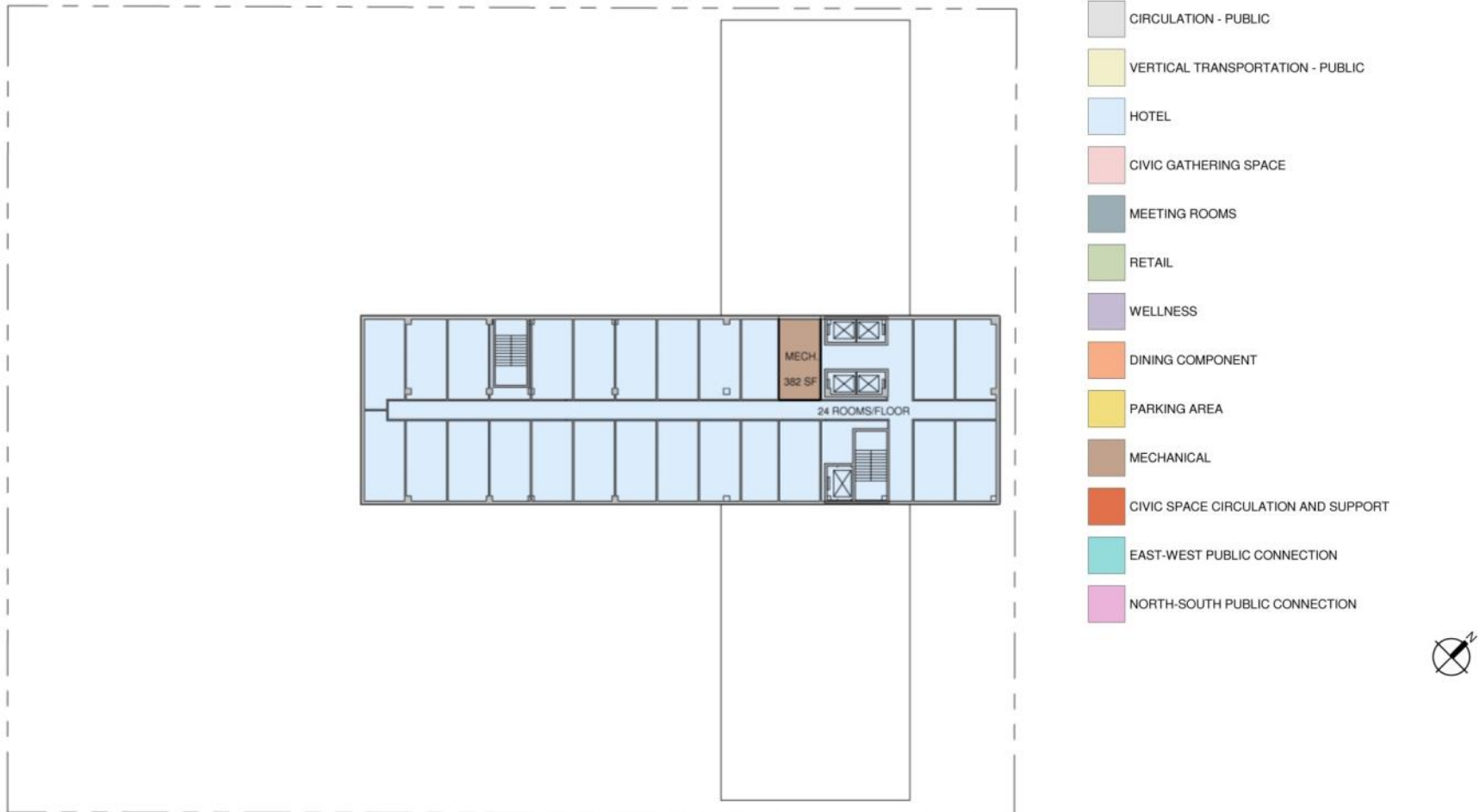




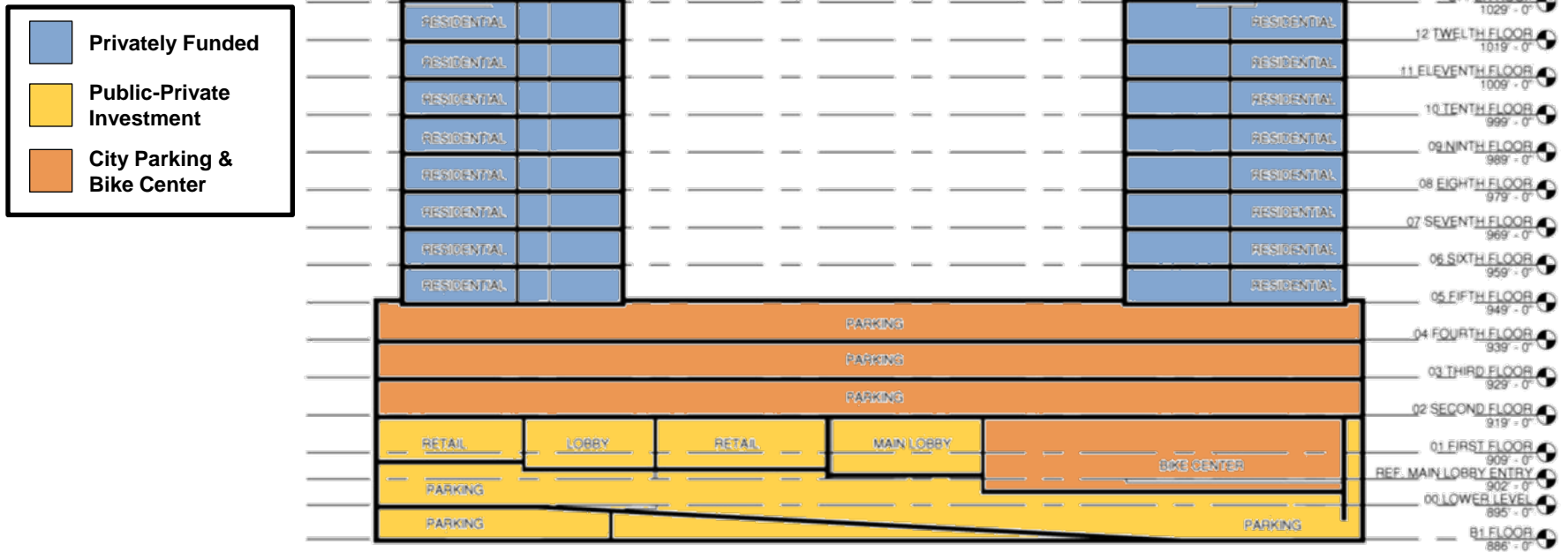
# Level 4 to 6 Hotel Rooms – Block 88



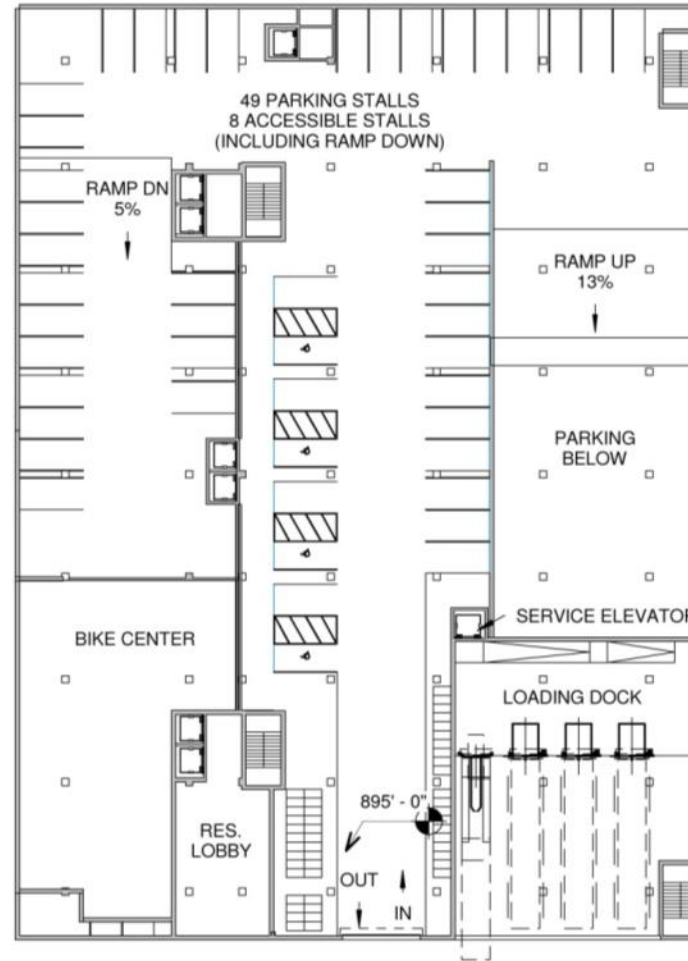
# Floors 7 to 10 Hotel Rooms – Block 88



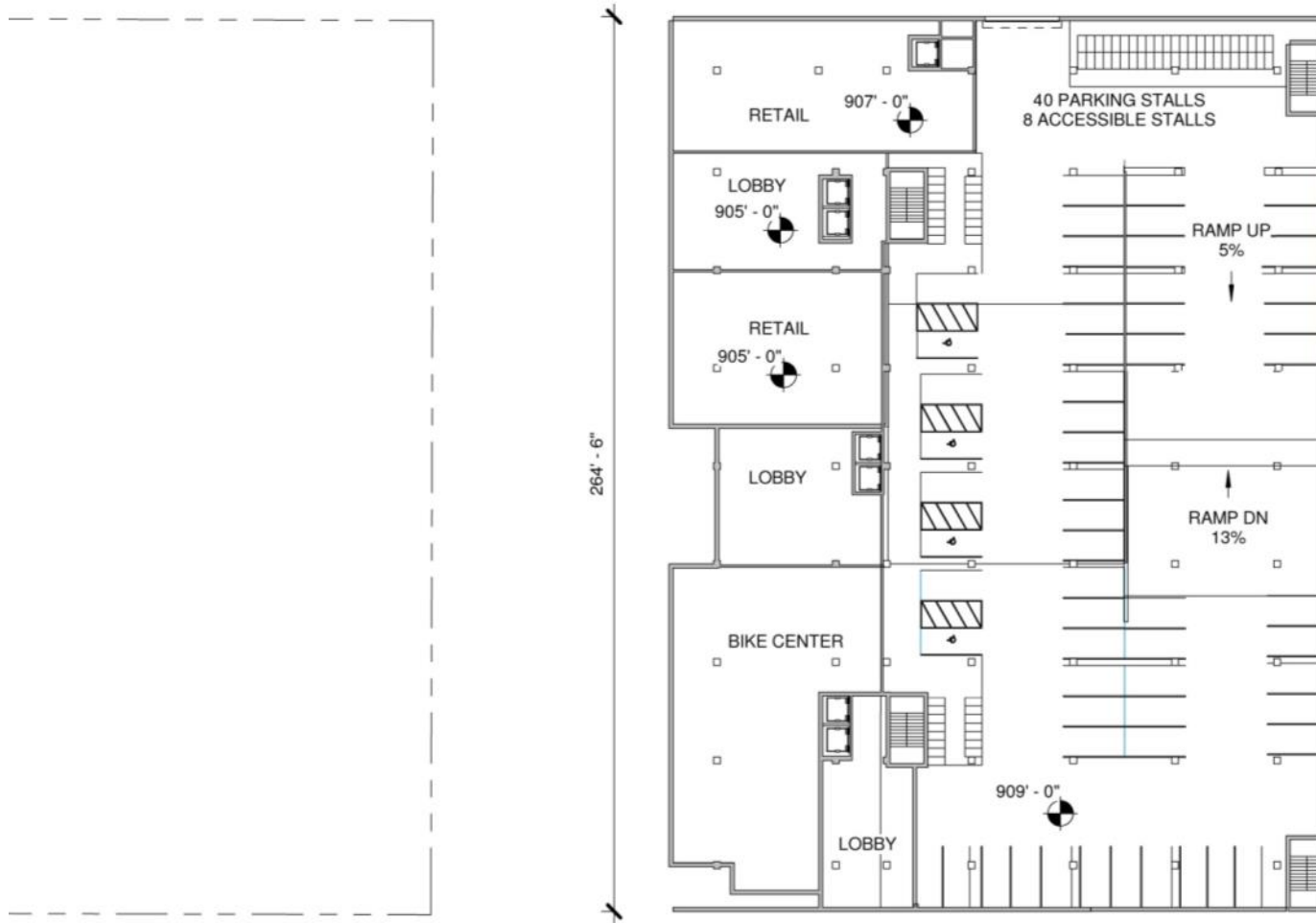
# N-S Section – Block 105



# Wilson Street Entry Level – Block 105



# Pinckney Street Retail Level – Block 105



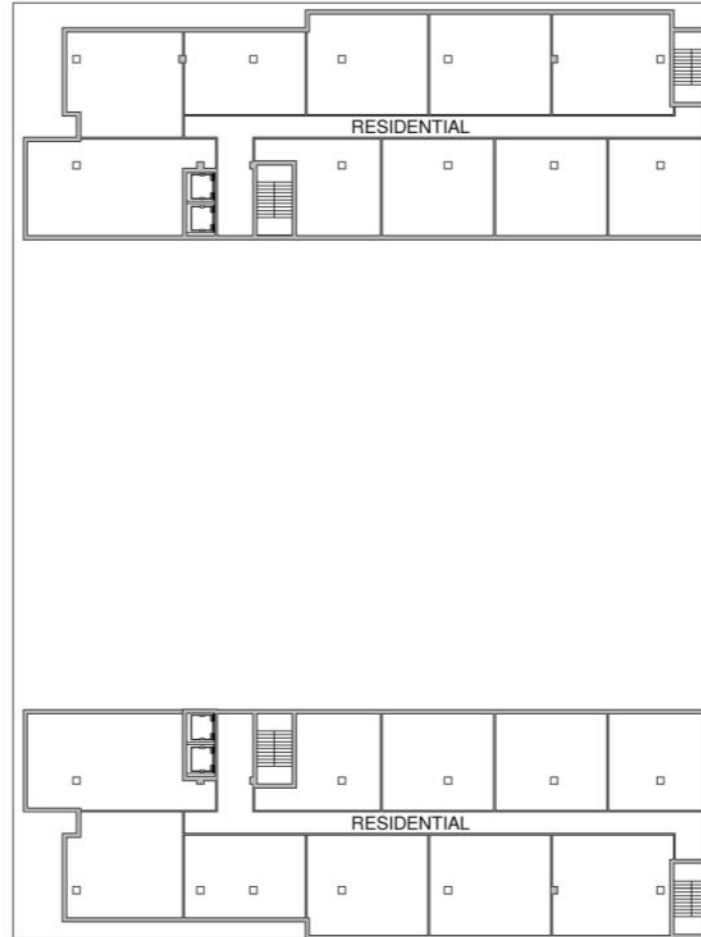
# Level 2 Parking – Block 105



# Levels 3 to 5 Parking – Block 105



# Levels 6 to 12 Residential Rental – Block 105





# SOURCES & USES OF FUNDS

## Block 88 + Block 105 Overall Project

### Block 88

SOURCES OF FUNDS	
Equity	19,780,000
Debt	45,230,000
Public Investment	43,215,000
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TOTAL	\$ 108,225,000

### Block 105

SOURCES OF FUNDS	
Equity	10,095,000
Debt	23,553,000
Public Investment	3,977,000
City Parking & Bike Center Funding	28,325,000
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TOTAL	\$ 65,950,000

### Overall Project (Block 88 + Block 105)

SOURCES OF FUNDS	
Equity	29,875,000
Debt	68,783,000
Public Investment	47,192,000
City Parking & Bike Center Funding	28,325,000
<hr/>	
TOTAL	\$ 174,175,000

USES OF FUNDS	
Site Acquisition	\$ -
Demolition & Site Preparation	1,643,030
Construction and FF&E	81,279,712
Architecture and Engineering	4,975,364
Development / Soft Costs	20,326,894
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TOTAL	\$ 108,225,000

USES OF FUNDS	
Site Acquisition	\$ 2,800,000
Demolition & Site Preparation	1,446,778
Construction and FF&E	46,936,839
Architecture and Engineering	2,903,017
Development / Soft Costs	11,863,366
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TOTAL	\$ 65,950,000

USES OF FUNDS	
Site Acquisition	\$ 2,800,000
Demolition & Site Preparation	3,089,808
Construction and FF&E	128,216,550
Architecture and Engineering	7,878,381
Development / Soft Costs	32,190,260
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TOTAL	\$ 174,175,000

# Investment Summary

## Block 88 + Block 105 Overall Project

	Block 88	Block 105	TOTAL
(\$MM)			
<b>PRIVATE INVESTMENT</b>			
Equity	\$ 19.8	\$ 10.1	\$ 29.9
Tax Credit	\$ -	\$ -	\$ -
Debt	\$ 45.2	\$ 23.6	\$ 68.8
Subtotal - Private Investment	\$ 65.0	\$ 33.6	\$ 98.7
<b>PUBLIC INVESTMENT</b>			
Public Investment	\$ 43.2	\$ 4.0	\$ 47.2
<i>Site Acquisition</i>	\$ -	\$ 2.8	\$ 2.8
<i>Block 88 Destination Elements</i>	\$ 29.1	\$ -	\$ 29.1
<i>Block 88 Parking</i>	\$ 14.1	\$ -	\$ 14.1
<i>Block 105 Infrastructure</i>	\$ -	\$ 1.2	\$ 1.2
City Parking & Bike Center Funding	NA	\$ 28.3	\$ 28.3
<i>Government East Replacement</i>		\$ 22.3	\$ 22.3
<i>Residential Monthly Parking (140 Spaces)</i>		\$ 4.7	\$ 4.7
<i>Bicycle Center</i>		\$ 1.3	\$ 1.3
<b>TOTAL</b>	\$108.2	\$ 66.0	\$174.2

# Focus of Public Investment – Block 88

- ◆ Underground parking on Block 88 and underground connector to parking on Block 105
- ◆ Public Connections
  - ◆ East-West and North-South Public Connections
  - ◆ Vertical Transportation – Public
- ◆ Meeting spaces, civic gathering space and public spaces and to complement Monona Terrace
- ◆ Structural framing, building mechanical systems and enclosure impacts including higher design quality to respect the landmark MMB

# Focus of Public Investment – Block 105

- ◆ Loading dock serving both Block 88 and Block 105 located along the Wilson Street side of the Block 105 parking structure
- ◆ Maintain a significant amount of parking throughout construction
- ◆ Site acquisition costs
- ◆ Bicycle center
- ◆ Design quality including façade treatment of above ground parking

# Council Directed Negotiating Guidelines

*A comparison of the proposed plan against the Council Directed Negotiating Guidelines:*

Council Directed Negotiating Guideline	Proposed Plan
Keep MMB in Civic Use	●
Integrated Development	●
Affordable to Tax Payer	TBD
Adequate and Affordable Parking	Continuing to negotiate
Walkable Pinckney Street / Urban Scale	●
Maintain Parking During Construction	Target a minimum of 280 stalls at all times
Visually Appealing Parking	●
Room Block	●
Hotel Flag	●
Complementary Meeting Space for MT	●
A Sense of Place for All Madisonians	●
Project Labor Agreement and Community Work Agreement	●

# Project Cost Estimate Comparisons

- Estimated cost and level of TIF support has remained relatively consistent throughout the staff team review, RFQ, RFP and negotiation process to date.

	2012 Staff Team Report	Journeyman RFP Proposal	JDS 2 RFP Proposal	JDS Development Proposal
Total Cost	\$192m	\$179m	\$190m	\$174m
Total Square Feet	1,079,000	962,214	784,485	902,595
Cost per Sq Ft	\$178	\$186	\$242	\$193
TIF Estimate (Journeyman and JDS 2 from staff analysis of RFP)	\$25m to \$50m	\$56m	\$49m	\$48m
TIF Share of Cost (exc. City Parking and Bike Center)	15% to 30%	36%	29%	31%

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# Options for Moving the Project Forward

## Direct Negotiating Team to:

1. complete the term sheet for the project as presented by August 15th
2. reduce the public investment in the project while exploring the feasibility of maintaining approximately 300 rooms in the hotel
3. reduce the public investment in the project including the reduction of the number of hotel rooms, type of hotel, and flag
4. de-couple Block 88 and Block 105 to allow Block 105 to proceed now
5. suspend negotiations





# Potential Areas for Cost Savings

- ◆ Reduce sizing of structural members in hotel tower with an additional column line penetrating the lower floors of MMB
- ◆ Reduce gross building area by cutting back on program for E-W, N-S Connections or Civic Spaces
- ◆ Reduce the number of vertical circulation cores on Block 88 (tradeoffs in terms of convenience of access for E-W & N-S public circulation)
- ◆ Reduce quality of design and skin costs on upper levels of the building (i.e., relax design quality requirements consistent with MMB)
- ◆ Refine foundations costs based on site investigation / soil report
- ◆ Rework vertical circulation cores for upper level development on Block 105 to improve on efficiency of parking structure below
- ◆ Eliminate or reduce cost of skin / screening at above grade parking
- ◆ Eliminate one (1) bay from Loading Dock on Block 105
- ◆ Reduce program of Bicycle Center
- ◆ Reduce underground parking on Block 88 with a commitment for event parking inventory in the Parking Utility garage on Block 105

# Analysis of Proposed Project Costs

## Block 88

### **Destination Hotel**

Construction and FF&E	\$ 217,010	per Key	• Includes an allocation of demolition and site prep costs
Overall Project Cost	\$ 290,105	per Key	• Destination elements drive higher than market supportable square feet per key

### **Retail & Wellness**

Construction Costs	\$ 159.69	per SF	• Includes an allocation of demolition and site prep costs
Overall Project Cost	\$ 213.48	per SF	• Includes TI Allowance for Leased Space

### **Underground Parking**

Construction Costs	\$ 37,187	per Stall	• Includes an allocation of demolition and site prep costs
Overall Project Cost	\$ 49,713	per Stall	• Includes Underground Connector to Block 105 • Tight site results in some single loaded parking driving higher SF and cost per stall

## Block 105

### **Residential**

Land / Air Rights	\$ 20,000	per Unit	• Includes cost for purchase of air rights from City
Construction and FF&E	\$ 175,912	per Unit	• Parking assumed to be leased from Parking Utility
Overall Project Cost	\$ 249,600	per Unit	• High rise construction • Design quality consistent with Block 88 / MMB

### **Commercial & Retail**

Construction Costs	\$ 184.02	per SF	• Parking assumed to be leased from Parking Utility
Overall Project Cost	\$ 240.18	per SF	• Includes TI Allowance for Leased Space • Design quality consistent with Block 88

### **Bike Center & Loading Dock**

Construction Costs	\$ 168.02	per SF	• Loading dock serves both Block 88 & 105
Overall Project Cost	\$ 219.30	per SF	• Single loading dock allows for more street level activation

### **Structured Parking**

Construction Costs	\$ 29,697	per Stall	• Includes demolition and site prep costs for Block 105
Overall Project Cost	\$ 38,761	per Stall	• Loading dock results in quick ramps driving higher SF and cost per stall

## **EQUITY INVESTMENT**

Block 88	\$ 19.8 MM
Block 105	\$ 10.1 MM
<b>TOTAL</b>	<b>\$ 29.9 MM</b>

Significant Equity Commitment at  
30% of Private Investment