

December 7, 2013

Members: Judge Doyle Square Committee:

The staff report of 12/02/13, concluded by stating that the most important question before the JDS Committee was, "What is the best future for the MMB?"

I disagree. There is a broad consensus that renovation or replacement of the Municipal Building is necessary. The method of that change is of less significance than the more fundamental questions, "Does the city need a new luxury hotel? And if so, should the city finance it?" Change for the Municipal Building is a given. The hotel venture is entirely optional and presents the greatest cost and the greatest risk for the city.

Unfortunately, rather than providing the necessary data to answer these questions, the report offered some data that is misleading while ignoring other central issues that are critical in a needs assessment.

Proponents of hotel construction often provide general, anecdotal assertions that large conventions (1000 +) refuse to book at Monona Terrace because of the lack of an attached hotel. And second, that if a large hotel were to be constructed, an unknown (but probably great) number of these groups would come to Madison throughout the year.

These general anecdotes are directly contrary to the data collected by the Greater Madison CVB. It is noteworthy, that they and staff have chosen not to share it with you despite the fact that it pertains to these two critical questions:

What are the reasons for not booking an event in Madison?

The following graph (#1) is from the data provided to Johnson Consulting by the Greater Madison GVB for their report to this committee on 12/12. See p. 107 of the report available on the JDS website. (I have collapsed a few very small responses into an "other" category.) [City - Hotel Study Final Draft Report \(3\) 12 31 2012.pdf](#)

This data reflects events in all venues including Alliant Center, Concourse Hotel, etc. The conclusion drawn from the data from the graph are quite different from the data in Slide 19 from the staff report, entitled "Hotel Reasons are the Leading Addressable Reasons for Lost Events."

Clearly, the majority of the reasons in Graph 1 are not "addressable" by a new additional hotel. Our climate is a dominant factor that results in most conventions and conferences booked in only three months of the year. Other significant "non-addressable" factors include limited airport connections, high expense of Monona Terrace and the lack of available rooms during

the “high season” of June-August. Indeed, of the nearly **500 cases** reported by the Visitors’ Bureau only **4%** cited the lack of an attached hotel or an attached hotel and convention center.

What is the effect of the lack of an attached hotel to bookings at Monona Terrace?

This question was also surveyed by the Greater Madison CVB and was reported by Johnson Consulting. Unlike Graph #1, it is specific to Monona Terrace. However, this data which is central to the question of the need for a new hotel was not reported in the staff analysis. (See page 108 of the Report cited above) The data in Graph #2 is completely consistent with the data in the previous graph: the lack of a hotel is a very minor reason in this complex decision-making process. In 2013 only **three** conferences/conventions avoided Monona Terrace and over the eight year period it was an average of five.

If one assumes that these “lost” opportunities are unusually large events (500) and each of the attendees stayed overnight for three nights, this would **add 7500** room nights to Madison hotels. (This addition would be significantly greater than Mr. McManners’ estimate that a new hotel would increase use of Monona Terrace by 15-20% which would only add 4-5000 room nights.)

Keep in mind that the smaller of the two proposals before your Committee supplies more than **110,000 additional** room nights over the year. If **all** of the attendees stayed at the new hotel, instead of less expensive alternatives, this would provide about **6%** of the capacity of the new hotel. Would the additional 100,000 guests come from the phantom “induced” demand?

As the deliberations of your Committee come to a conclusion, it is essential that information from the staff be as thorough as possible without attempting to advocate a specific conclusion. The first and most critical aspect of that assessment must be the necessity, risk and benefit of a city-financed hotel/office/apartment complex.

Best regards,

David Ahrens

Alder, 15th District



