

Judge Doyle Square Board of Estimates Presentation



Overview

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Schedule, Phasing and Workforce Utilization

Financial Projections

Options to Reduce Public Subsidy

Closing Remarks

Introduction

Dave Cocagne
Vermilion Development

Team Introduction



Strengths

- Depth of local experience
- Expertise with public-private partnerships and layering private sector capital with public sector funds
- Conversancy with local hospitality market and in particular, convention business at Monona Terrace

Goals



- Create mixture of uses that bring 24/7 vitality to the project
- Place active uses with significant scale on both sides of Pinckney
- Develop an architectural vocabulary that complements the Madison Municipal Building and presents a modern aesthetic
- Provide a seamless integration with Monona Terrace
- Create a compelling street level experience for pedestrians and other along Pinckney
- Minimize disruption to parking operations while placing parking underground

Project Concepts

Chris Gallagher
Eppstein Uhen Architects

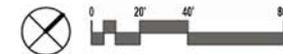
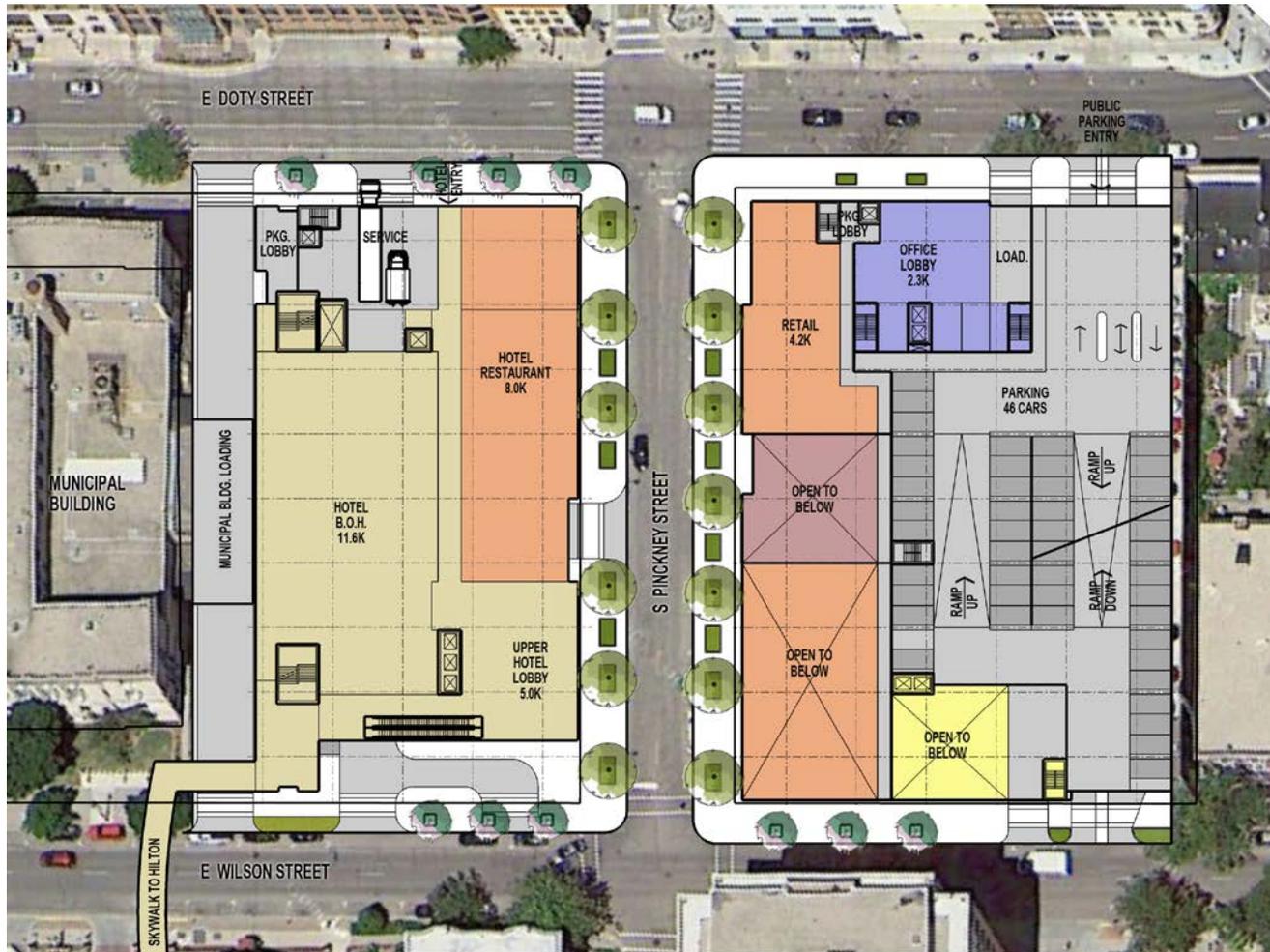
Design Goals



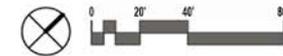
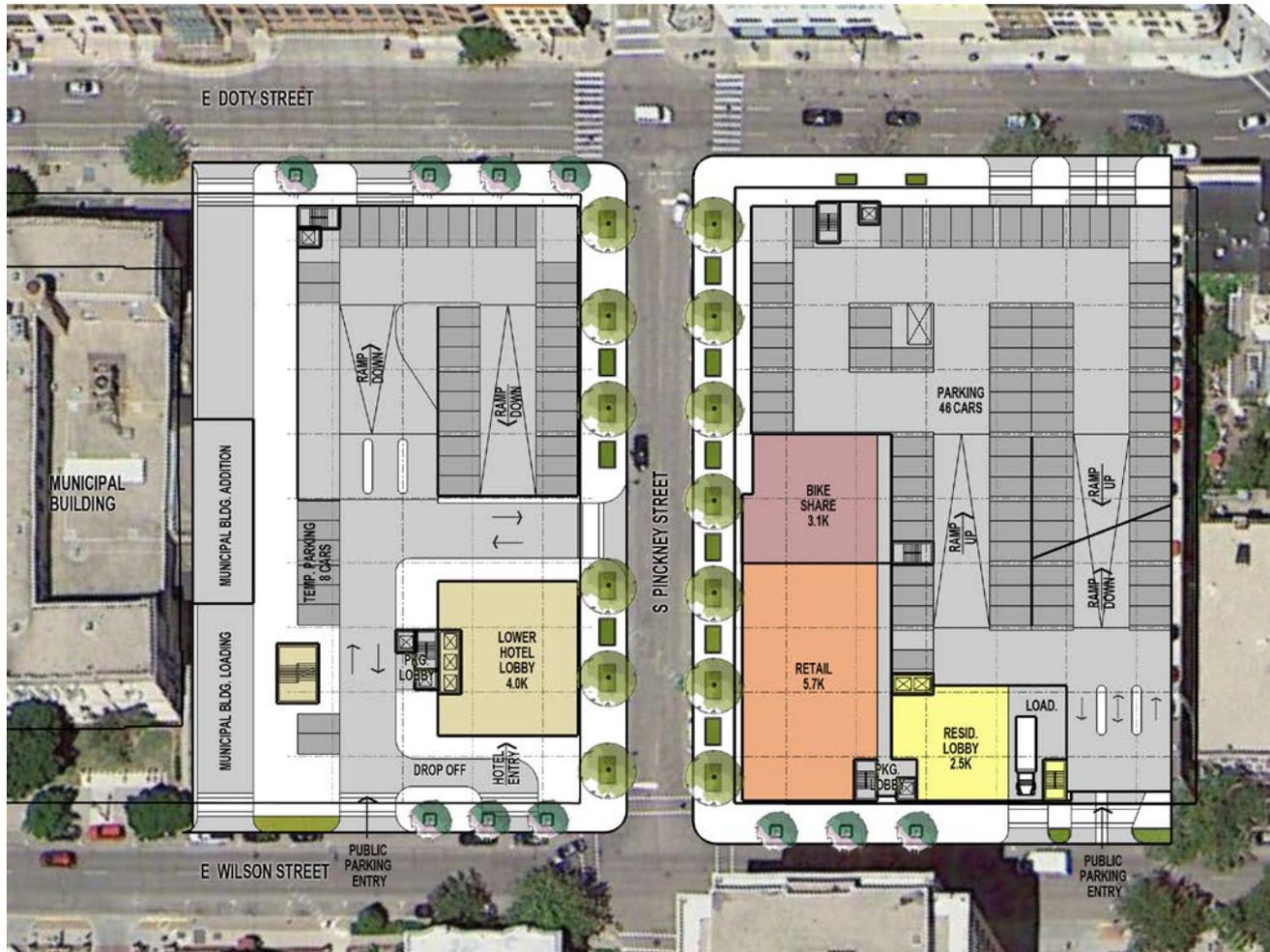
Massing and Uses



Doty Street Level



Wilson Street Level



Building Data

Block 88

- 279 key Marriott Renaissance Hotel
- 18,000 square feet of banquet and meeting space
- 448 car parking ramp to be owned by City of Madison
 - 100 parking spaces expected to be used by hotel

Block 105

- 125 unit apartment building
- 94,500 sf office building
- 10,000 sf of street-level retail
- 3,000 sf bike share facility to be owned by City of Madison
- 633 car parking ramp to be owned by City of Madison
 - 133 parking spaces expected to be used by residential
 - 236 parking spaces expected to be used by office

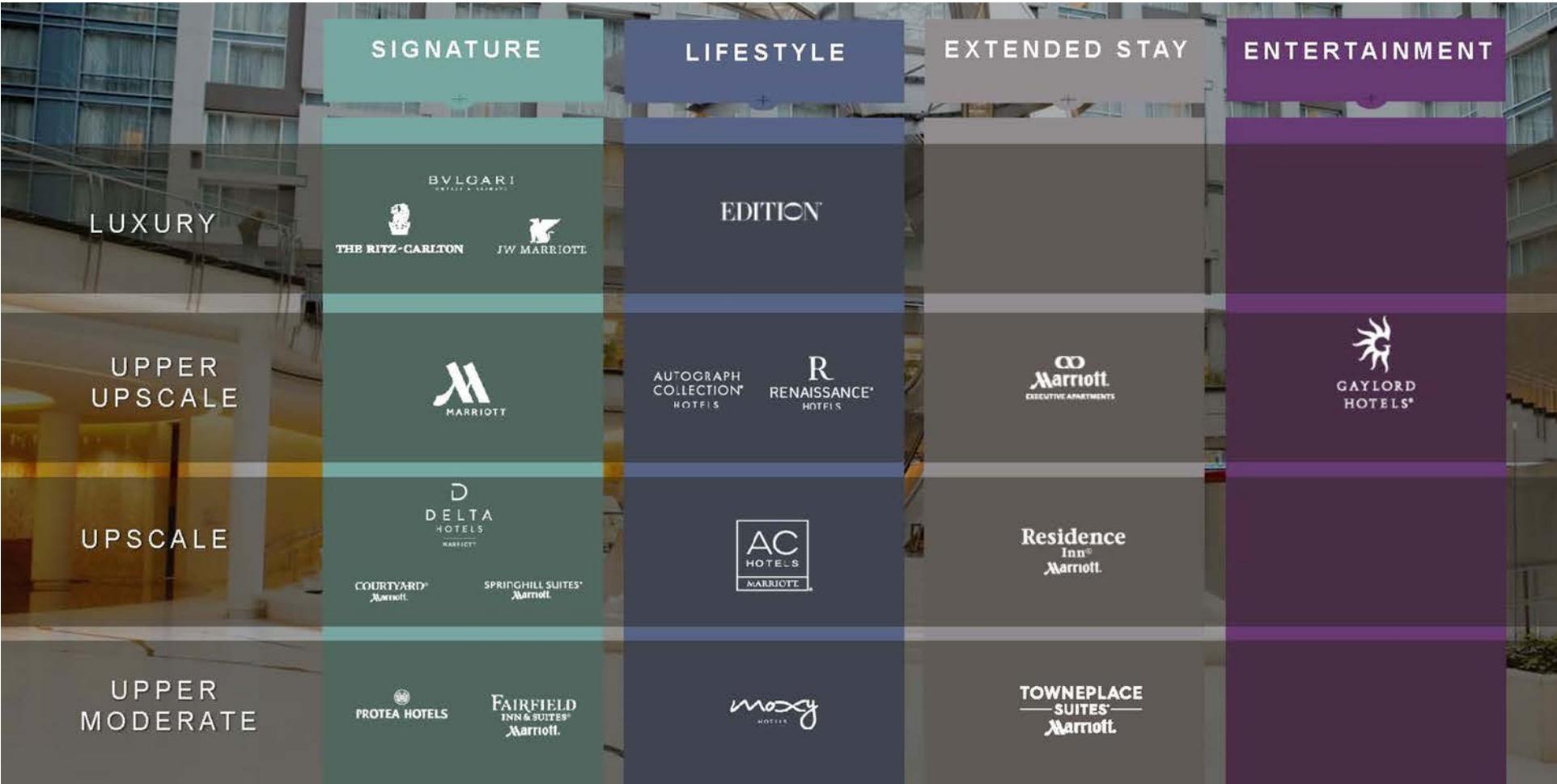
Total Parking Count

- 1,081 parking spaces—612 spaces beyond expected needs of new uses

Hotel Flag

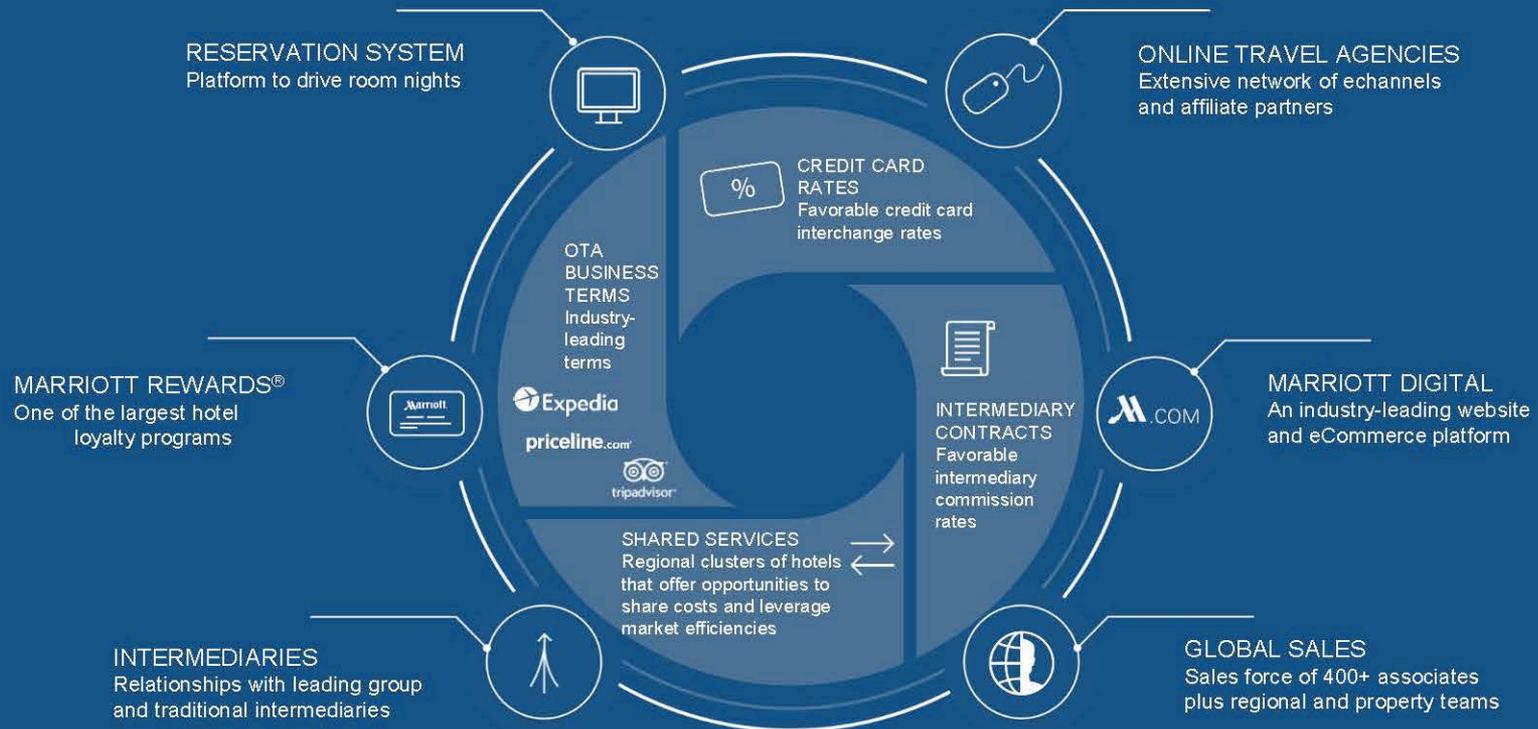
Bill Reynolds
Marcus Hotels and Resorts

Why Marriott? 18 brands

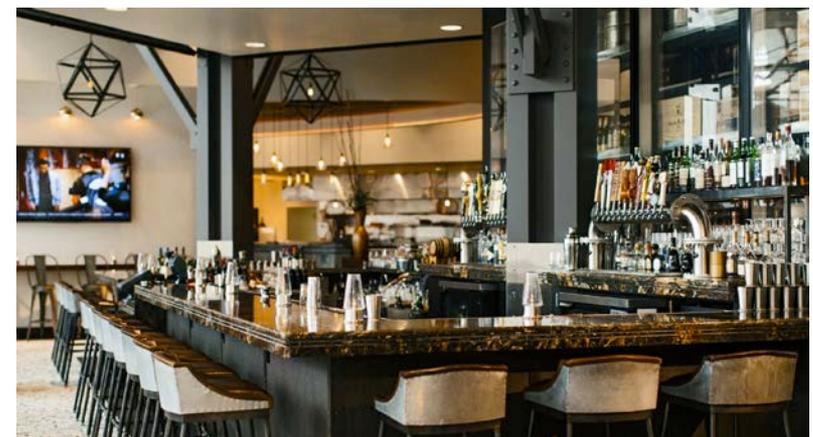


Marriott Strengths

WE HARNESS A POWERFUL NETWORK OF PROVEN REVENUE-GENERATING & COST-SAVING ENGINES



Marriott Renaissance Images



Marriott Renaissance Guest Profile

THE SOCIAL DISCOVERER: UNCOVERED

R
RENAISSANCE®
HOTELS

Advantage of Marriott full-service hotel

- Meeting planners able to leverage Marriott distribution system
- Hotels and its amenities cater to needs of convention goers
- Restaurant creates an active use on Pinckney Street
- Meeting space complements convention space at Monona Terrace
- Ballroom becomes standalone venue for downtown events
- Sky bridge strengthens connection between hotel and Monona Terrace
 - Monona Terrace and hotel meeting space can function as one
 - Convenience and safety

Residential and Office Market

David Behnke

Siegel-Gallagher Management Company

Madison Office Overview

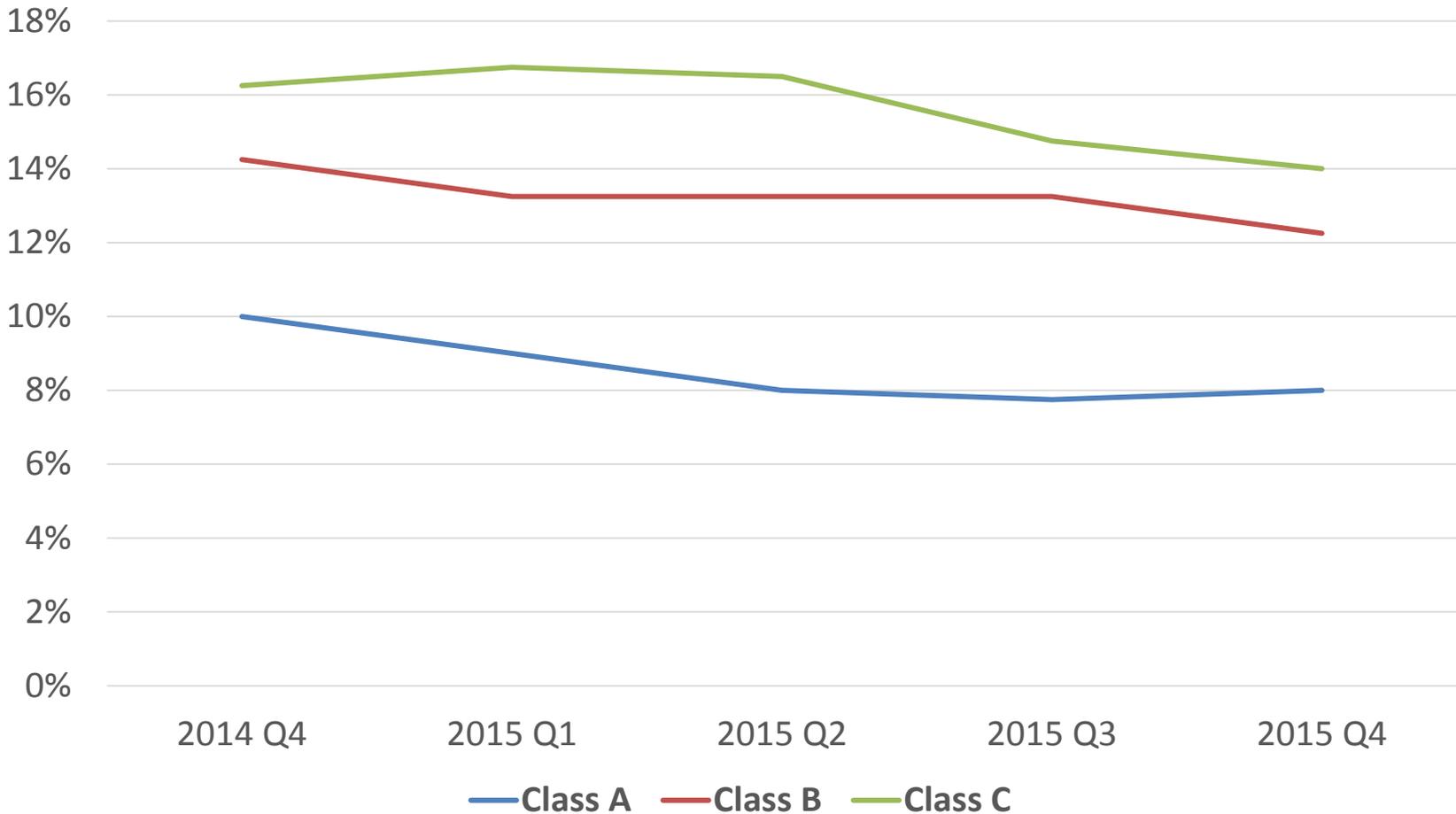
Statistics by Market

	# of Buildings	Inventory (SF)	Available Sublease (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption
Class A	67	6,043,253	32,421	7.9%	(10,736)	131,509
Class B	176	6,885,603	79,479	12.5%	185,741	229,404
Class C	112	2,651,040	31,401	14.0%	26,187	68,101
Grand Total	355	15,579,896	143,301	11.0%	201,192	429,014

	# of Buildings	Inventory (SF)	Total Available (SF)	Vacancy Rate (%)	Net Absorption (SF)	YTD Net Absorption
Downtown	67	3,718,305	458,877	9.0%	58,983	191,283
Class A	14	1,663,209	112,257	5.9%	1,127	23,176
Class B	25	1,568,819	251,050	12.1%	52,701	105,421
Class C	17	486,277	95,570	9.3%	5,155	62,686

Madison Office Overview

Historical Vacancy Rates by Class



Madison Office Overview

Asking Rates by Class

	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
Downtown	\$18.62	\$18.31	\$19.45	\$19.62	\$20.49
Class A	\$28.06	\$29.09	\$28.20	\$26.73	\$26.73
Class B	\$18.83	\$18.16	\$18.27	\$18.25	\$29.79
Class C	\$15.71	\$15.53	\$19.30	\$20.84	\$18.91



Madison Multi-family Market Survey

Class A - Downtown



306 West
306 W. Main Street

Year Built:	2015
Total # Units:	174
Occupancy:	92%



The Constellation
10 N. Livingston Street

Year Built:	2013
Total # Units:	220
Occupancy:	99%



Domain
409 W. Johnson Street

Year Built:	2014
Total # Units:	326
Occupancy:	94%



The Hudson
1924 Atwood Avenue

Year Built:	2015
Total # Units:	50
Occupancy:	100%

Madison Multi-family Market Survey

Class A - Downtown



**Nine Line
at the Yards**
633 W. Wilson Street

Year Built:	2015
Total # Units:	80
Occupancy:	99%



Ovation 309
309 W. Johnson Street

Year Built:	2015
Total # Units:	248
Occupancy:	98%



Seven27
727 Lollard Court

Year Built:	2010
Total # Units:	117
Occupancy:	92%



Venture
619 N. Segoe Road

Year Built:	2015
Total # Units:	115
Occupancy:	97%

Phasing and Workforce Utilization

Tom Thayer
Tri-North Builders

Schedule and Phasing

Block 88	18 months – construction start 3Q 2016
Parking Ramp and Hotel Core and Shell Construction (exterior completion of tower)	10-11 months
Substantial Completion (TCO) Lower Level Parking (448 parking spaces total)	11-12 months (approx. September 2017)
Hotel Interior Completion	8-9 months
Substantial Completion of Hotel	Approx. April/May 2018
Block 105	Approximate start Fall 2017
Demolition of Government East Parking Ramp	1-2 months
Parking Ramp / Core and Shell Construction (exterior completion of tower)	8-9 months
Substantial Completion (TCO) of Lower Level Parking (633 parking spaces total)	Approximate completion Summer 2018
Completion of Apartment and Office Components	11-12 months

Workforce Utilization



- Union Trades
- Encourage WBE/MBE Businesses and Workers
- Outreach and mentoring
- Pre-qualifying, competitive process

Financial Projections

Dave Cocagne
Vermilion Development

Sources and Uses—Block 88

	Hotel	Parking	Total
SOURCES OF FUNDS			
Debt	61,068,876	-	61,068,876
Equity	26,172,375	-	26,172,375
TIF	-	13,833,610	13,833,610
Parking Utility Cash	-	7,127,989	7,127,989
	87,241,251	20,961,600	108,202,851
USES OF FUNDS			
Land acquisition	1,000,000	-	1,000,000
Demolition/site preparation	-	-	-
Hard Costs and FF&E	75,577,150	18,518,695	94,095,845
A/E Fees	3,077,958	925,935	4,003,892
Soft Costs	4,281,272	713,758	4,995,030
Developer fee	3,304,871	803,212	4,108,083
Total Soft Costs	10,664,101	2,442,905	13,107,006
Total Project Costs	87,241,251	20,961,600	108,202,851

Sources and Uses—Block 105

	Office	Residential	Retail	Parking	Total
SOURCES OF FUNDS					
Debt	18,573,159	21,309,610	2,048,786	-	41,931,555
Equity	7,959,925	9,132,690	878,051	-	17,970,666
TIF	-	-	-	10,604,684	10,604,684
Parking Utility Cash	-	-	-	15,044,898	15,044,898
	26,533,084	30,442,301	2,926,837	25,649,582	85,551,803
USES OF FUNDS					
Land acquisition	383,188	576,203	40,609	-	1,000,000
Demolition/site preparation	-	-	-	600,000	600,000
Hard Costs and FF&E	21,858,073	25,465,073	2,323,064	21,863,678	71,509,888
A/E Fees	879,152	1,264,504	96,135	1,093,184	3,332,975
Soft Costs	2,412,504	1,993,144	356,804	1,110,233	5,872,684
Developer fee	1,000,167	1,143,377	110,225	982,487	3,236,256
Total Soft Costs	4,291,823	4,401,024	563,164	3,185,904	12,441,915
Total Project Costs	26,533,084	30,442,301	2,926,837	25,649,582	85,551,803

Sources and Uses

	<u>BLOCK 88</u>	<u>BLOCK 105</u>	<u>TOTAL</u>
SOURCES OF FUNDS			
Debt	61,068,876	41,931,555	103,000,431
Equity	26,172,375	17,970,666	44,143,042
TIF	13,833,610	10,604,684	24,438,294
Parking Utility Cash	7,127,989	15,044,898	22,172,887
	<u>108,202,851</u>	<u>85,551,803</u>	<u>193,754,654</u>
USES OF FUNDS			
Land acquisition	1,000,000	1,000,000	2,000,000
Demolition/site preparation	-	600,000	600,000
Hard Costs and FF&E	94,095,845	71,509,888	165,605,733
A/E Fees	4,003,892	3,332,975	7,336,867
Soft Costs	4,995,030	5,872,684	10,867,714
Developer fee	4,108,083	3,236,256	7,344,339
Total Soft Costs	<u>13,107,006</u>	<u>12,441,915</u>	<u>25,548,921</u>
Total Project Costs	<u>108,202,851</u>	<u>85,551,803</u>	<u>193,754,654</u>

TIF Analysis

Block 88

	Hotel	Parking	Total
Land Cost	1,000,000		1,000,000
Construction Cost (incl. contingency)	61,559,150		61,559,150
Value	62,559,150		62,559,150
Millage Rate	0.0242		0.0242
Annual Property Taxes	1,513,931		1,513,931
Discount Factor	50%		50%
Property Taxes available for TIF Support	756,966		756,966

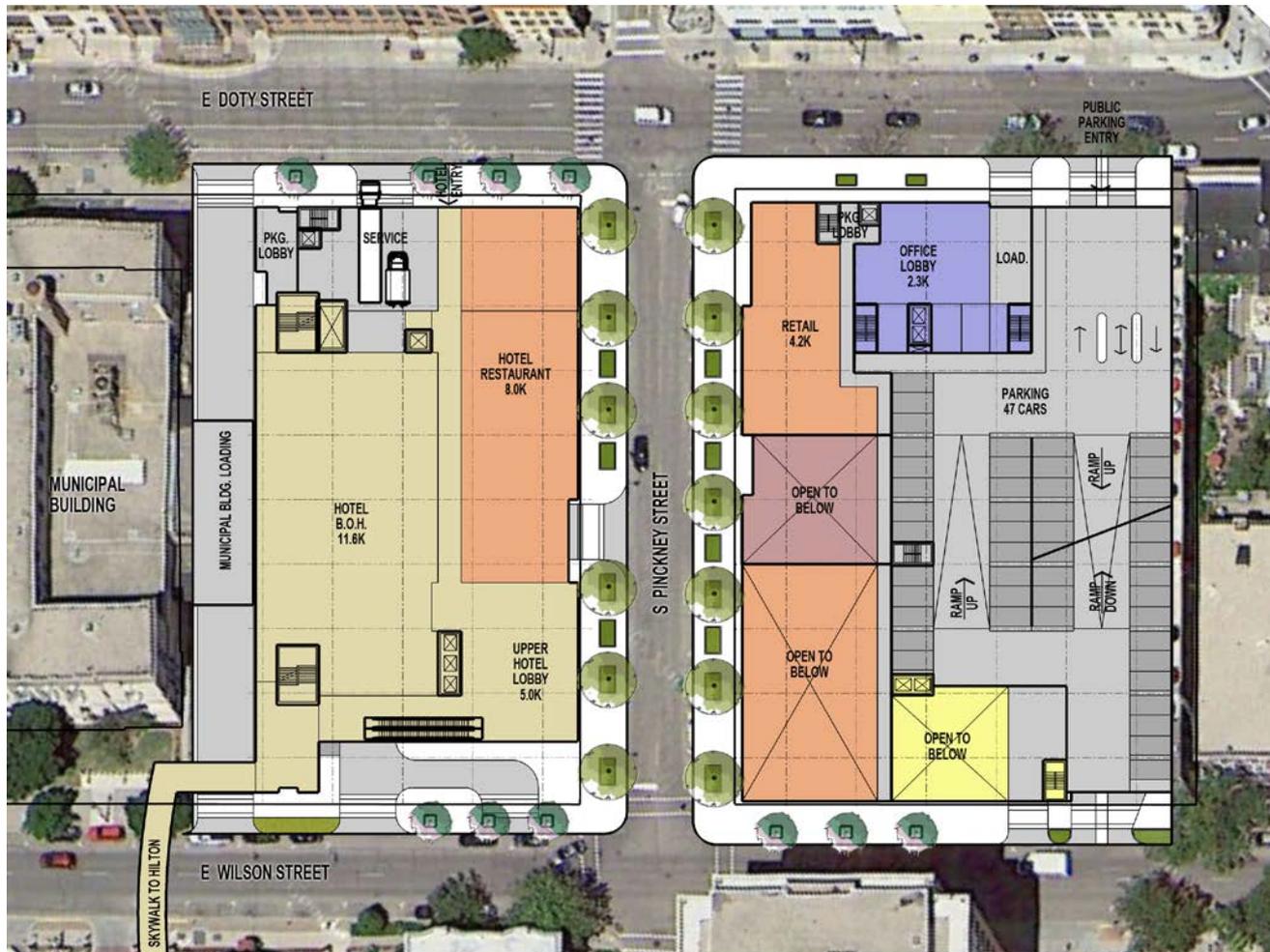
Block 105

	Office	Residential	Retail	Bike Share	Parking	Total
Land Cost	383,188	576,203	40,609			1,000,000
Construction Cost (incl. contingency)	17,583,048	25,290,073	1,922,704			44,795,825
Value	17,966,236	25,866,276	1,963,313			45,795,825
Millage Rate	0.0242	0.0242	0.0242			0.0242
Annual Property Taxes	434,783	625,964	47,512			1,108,259
Discount Factor	50%	50%	50%			50%
Property Taxes available for TIF Support	217,391	312,982	23,756			554,129

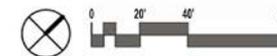
Options to reduce public subsidy

Kerry Dickson
Vermilion Development

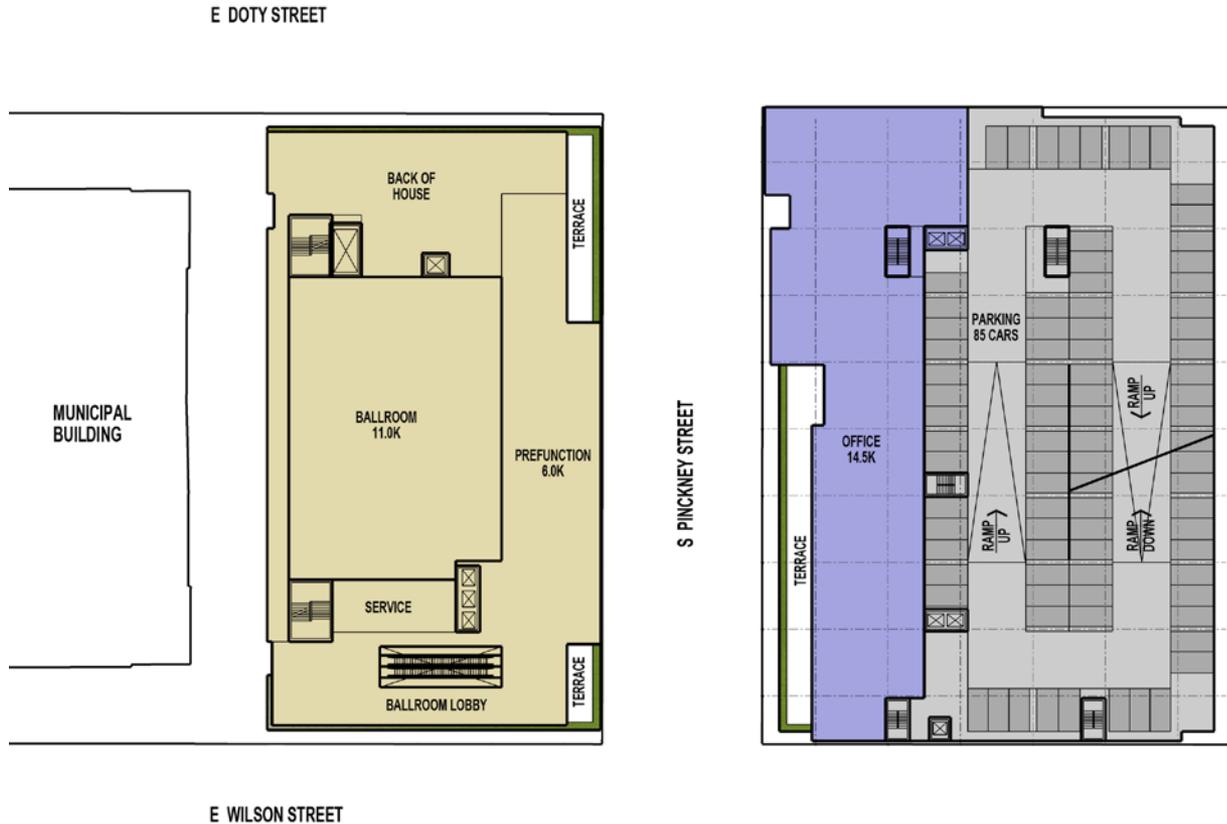
Partial Above-grade Parking



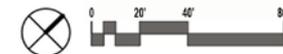
Doty Level Plan



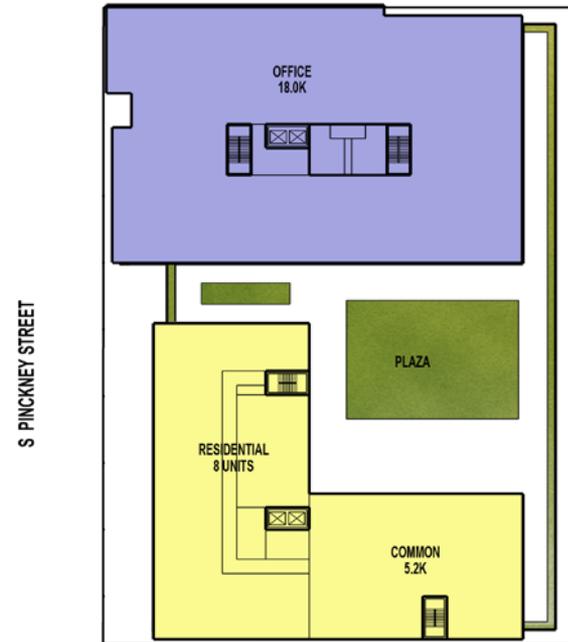
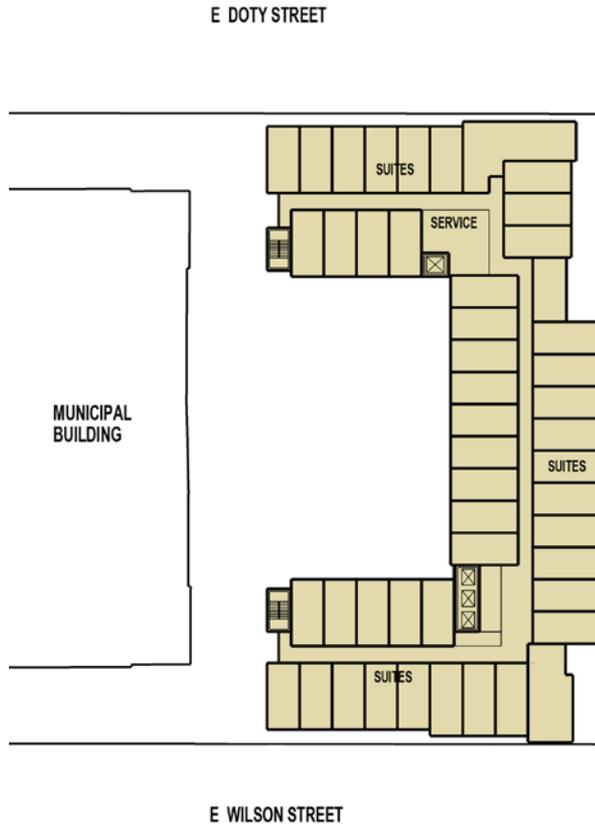
Partial Above-grade Parking



Levels Two thru Four Plan



Partial Above-grade Parking



Level Five Plan



Partial Above-grade Parking

Block 105 Changes

- Smaller apartment building—86 units instead of 125
- Larger office component—102,000 sf instead of 94,500 sf

Total Parking Count

- 1,073 parking spaces—627 spaces beyond expected needs of new uses
 - 91 parking spaces expected to be used by residential
 - 255 parking spaces expected to be used by office
 - 100 parking space expected to be used by hotel

Cost savings of \$2,000,000

- Due to reduced amount of below-grade parking

Shared Parking

Diversity of Uses

Peak demand for different uses is at different times

- Office demand—day; residential demand—evening and overnight
- Size parking garage for just the peak demand

Madison code and parking consultants determine

- Peak demand is 343 cars between 7 am and 6 pm
- Proposing 369 parking spaces
- Reduction in 26 parking spaces equal potential savings of approximately \$975,000

RFP minimum parking requirement—560 public parking spaces

- Proposing 42 more parking spaces than RFP requirement
- Reduction of 42 parking spaces equals potential savings of approximately \$1,500,000

Further discussions needed with the City to determine appropriate number of spaces to construct

Closing Remarks

Dave Cocagne
Vermilion Development

