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# Alabaster Entertainment Master Plan & Proposal

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3116 Commercial Ave. Nightclub / Venue

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## Introduction

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This project seeks to establish a new venue for creative and alternative nightlife. In part, this venture is intended to replace the Inferno Nightclub, a popular Madison-area nightclub which closed in 2015. (The fact that the Inferno closed down primarily because the owner had a lucrative opportunity to sell for development, rather than as a result of the collapse of the underlying business, indicates that a market niche exists).

This club will feature a mixture of dance/DJ entertainment, live music, variety and theater acts and lower-key community activities including: art exhibitions, fund-

raisers and benefits, classes and workshops, and other miscellaneous events that are of interest to our patrons.

## **Community Impact**

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Any great city needs a vibrant nightlife. People need places to celebrate, relax, dance, form social connections and enjoy performances. A properly-managed nightclub can fill many of these needs, and its impact can be very positive, contributing to the standard of living, reputation, atmosphere and economy of the city. It is our belief that success in such a venture comes from delivering positive experiences to our customers and also making every effort to be a positive and constructive force in our neighborhood and the community.

The clientele that we aim to attract makes being a good neighbor and citizen easy. The Inferno Nightclub was directly across the street from a residential neighborhood. It was on a narrow road and had a relatively small parking lot. Despite these shortcomings, the police confirmed that the club very rarely generated any complaints or calls.

Our proposed location, at 3116 Commercial Avenue, has stood empty for many years at this point. We aim to rehabilitate this structure, and to turn approximately half of the available square footage into a nightclub. Our medium-term plan is to offer the remainder of the building as rental workshop space for Madison's industrial arts community. We believe that this venture can both turn a profit and be a positive asset to the local community, and this is our objective.

## **Leadership**

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**Jason Socha** - Mr. Socha has lived in Madison for over 20 years and has owned or co-owned several businesses in the area. He currently owns and operates Socha Dev, a software development company with over \$1.1 million in annual revenues. Mr. Socha will act as general business manager for the venture, handling bookkeeping, payroll, tax management, and other such day-to-day operations.

**Gregory Kveberg** - Dr. Kveberg is also a long-time resident of the Madison area. He holds a Ph.D. in history and teaches Russian History at Columbia College in Chicago. Dr. Kveberg has connections in the goth / industrial music scene (he has studied the history of underground music, in the US and in Russia). Dr. Kveberg will be directly involved with the operations of the nightclub, serving as community and artistic liaison, ensuring that the club is booked with popular performers and is properly promoted.

**Tanya Kapp** - Ms. Kapp has over 20 years of experience as a bartender and bar manager in several different venues. Ms. Kapp will serve as the Bar Manager, in charge of all alcohol-related service, staffing, and training.

## Events and Audience

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The club will offer both conventional entertainment events and events that are designed to serve the alternative cultural community in Madison.

### Entertainment Events

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The venue will offer a mixture of DJs, live music, and variety performances. This entertainment will be offered on most weekend nights and some weeknights. Live music will consist of local and smaller touring acts. Being a niche venue, the goal is to attract performing arts talent not suited for Madison's more mainstream venues like the Majestic, Orpheum, or the new Frank Enterprises facility.

### Community Events

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The club will offer a games night once per week, and we are hoping to offer a low-key alternative arts and crafts evening as well. We are planning to offer exercise classes to alternative and industrial music.

The club will also feature gallery walls to exhibit works by local visual artists, and will be available for use or rental for other sorts of parties, exhibitions, and events - we hope to provide a different and congenial space to showcase some work by Madison's artistic community.

### Audience

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The expected audience for events at the club will range between ages 21 and 50, with an average age in the mid-30s. The anticipated audience consists primarily of young and middle-aged professionals with an interest in alternative culture, art, and theater as well as dance and live music.

The club also plans to offer occasional truly all-ages dance nights, at which alcohol will not be served, in order to offer a nightlife option to young people who might otherwise not have one, and as a way of recruiting new patrons.

### Hours of Operation

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The club will be open from 7PM - 2AM on five days per week, and will be dark on most Sundays and Mondays, unless the club has been rented or for infrequent special events. Most patrons of entertainment events will arrive after 9 PM. The club's busiest nights will be Fridays and Saturdays. Community events or private rental events may take place earlier in the day, especially on Saturdays and Sundays.

The club may open as a local coffee shop and public house during daytime hours as a secondary source of revenue and in order to offer basic food, drink, and socialization in an under-served area of Madison.

## **Location, Parking & Traffic**

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The club will be located at 3116 Commercial Avenue. This structure is a large, durable concrete and steel building. It is located at a good distance from the nearest residential properties, and should pose little risk of noise pollution to the local neighborhood. Unlike the downtown area, this part of the east side of Madison is not saturated with bars and entertainment venues, and this club significantly increase the number of entertainment options for the local area.

This location is regularly patrolled by police and is easily accessible from East Washington Avenue, ensuring that police will easily be able to monitor conditions at the club, should they choose to do so.

This building includes parking for a large number of vehicles –our site plan includes approximately 50 off-street parking stalls, and we will have substantial access to on-street parking, especially after a proposed city project to rebuild Rethke Avenue in 2020.

This venue allows easy access to both Highway 30 and East Washington Avenue, and the comings and goings of the club’s patrons should have a minimal impact on local traffic patterns. Many patrons may choose to arrive via bus, as we are quite close to a stop on East Washington, and many will elect to take cabs to or from the club, or ride bicycles, for which we will provide 20 dedicated parking spaces.

## **Security & Compliance**

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The club will operate under a safety plan derived from the city of Madison’s sample security plan illustrating best practices for taverns and nightclubs, with a few key modifications. These modifications incorporate newer security technologies, primarily point-of-sale systems, improved security camera technology, and technological tools to aid in checking IDs and managing patrons. A full draft of the security plan is attached to this document as an appendix.

## **Regulation & Approvals**

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The club has received almost all necessary city approval. Specifically:

- The club was granted a liquor license in the summer of 2017. Delays in cleaning up the site mean that the ALRC will need to re-visit this issue.
- The club was granted a conditional use permit to allow it to operate. The terms of this conditional use permit require substantial modifications to the building. A plan proposed by Bouril Design Studios and Bachmann construction meets all of these requirements, and the conditional use permit requires only final sign-off from appropriate city agents during construction.
- The club’s site plan was approved by city engineering staff, and has been modified to align with a planned public works project in 2020. This project will upgrade Rethke Ave., improving sidewalk access to the club and providing safe on-street parking. The club will be assessed a portion of the cost of the

sidewalk and curb construction, but major street construction will be funded by the city. The cost of these improvements has been factored into financial projections for the club.

## **Market Analysis**

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We anticipate that there will be a sizable audience for our venue. We base that assumption several different pieces of information:

- Several of the nights from the Inferno have continued on at new locations, and the promoters of many of these nights have expressed interest in relocating their events to a permanent home, should one become available. Our club is intended to fill that niche. We have accurate headcounts for these specific nights over the course of the last year at the Inferno, and in the intervening months, and use those numbers to gauge potential attendance at these nights after our club opens. We anticipate being able to grow these events modestly as well, as we plan to provide a space that offers better dancing and socialization than the current venues in which these events are held.
- We have created and maintain a presence on social media (primarily in the form of a Facebook group). This group has 400 active followers (over 200 in the first 24 hours), despite the fact that we do not yet have an operational venue. These individuals are very likely to become regular club patrons.
- We plan to create and grow additional club and performance nights, in an effort to fill in underserved areas of the Madison alternative art and culture scene, but our projections for these new nights begin more modestly, as they will not enjoy the same initial advantages as will inherited legacy events.
- The Inferno, on which our club is partially modeled, remained profitable up until the point at which it was sold, despite limited funds being invested in promoting the club during its final years (as the club's sale had already been arranged). An indication of this enduring popularity is the fact that the club's final official event sold out within an hour (capacity was 350), and there was tremendous additional interest.
- We are also planning to be a niche market venue. Our proposed location is substantially cheaper than the prime downtown real estate occupied by many other entertainment venues. As such, we are not under the same pressure to pack the house every night that we are open, or even every weekend night. We aim to draw excellent crowds, but have structured our business in such a way as to allow it to be modestly profitable even if we have several slow nights per week or month.

## **Competition**

There are many clubs and taverns in the Madison area, of course, but only a few are comparable. No club in the Madison area caters to the niche we target, and few focus on providing a venue for dancing.

Notable madison clubs and music venues:

- **Plan B** is a large downtown nightclub, catering primarily to an LGBT crowd, but with substantial broader appeal. The club tends toward more mainstream music than our proposed club, and draws a generally younger crowd, with a greater emphasis on students and downtown residents. Our club will offer some of the same types of entertainment, such as drag shows, that appear at Plan B, but we will feature a different set of musical genres, and this will allow us to avoid a significant level of competition for patrons. Covers and prices are moderate to high at Plan B, and we would have a small edge in pricing.
- **Club 5** is a large club catering primarily to the LGBT community, and located far from downtown, just off the Beltline highway. Club 5's clientele is relatively static, and consists of a good number of regulars. The club provides a variety of themed dance nights, as well as some variety events, drag shows, and similar live entertainment. We will offer some similar events, but will differentiate ourselves from Club 5, as with plan B, through musical genre. Covers and prices are moderate at Club 5.
- **The Nomad** (formerly the Cardinal) is a medium-sized downtown bar with an eclectic clientele. Many of the nights at the Nomad cater to very specific groups of fans (for example, Salsa Night) and would not draw on the same clientele that we aim to recruit. Covers and prices are moderate at the Cardinal.
- **The High Noon Saloon** is a large downtown venue that caters almost exclusively to live music. The High Noon Saloon is routinely very heavily-booked, and many smaller acts and DJ nights are unable to find space at this very popular venue. We could and would provide a performance space for some of these acts, while not directly competing with the High Noon. Our club will offer a stage and sound system of similar quality to those in the High Noon, and will have a layout that is much more conducive to dancing. We will not, however, be quite so perfectly-configured to present a band on stage to the view of all club patrons. We could not and would not compete directly with the High Noon for live music acts. Covers and prices are both moderate at the High Noon.
- **The Majestic** is a large and expensive downtown nightclub. It draws a mix of mid-and upper tier touring acts, as well as a few variety shows. We would be in competition for a few of these touring acts, but would be in a position to offer easier access for touring musicians as well as substantially greater ease of access for patrons coming from outside of the downtown area. On the whole, though, we would not be drawing on the same crowd as the Majestic. Drinks here are quite expensive, and covers are high - this is an area where we can compete effectively with the Majestic, as our location, outside of the expensive downtown districts, allows us to charge lower prices.
- **Liquid** - Liquid is a large downtown dance club. It caters to the college crowd, aims for a posh, VIP, "bottle service" aura, and attempts to present itself as an upscale, mass-market dance club. We aim for a less conventional clientele than that attracted to Liquid, and are aggressively opposed to the culture of "elite" VIP club services and pricing. We anticipate little competition for patrons.
- **The Sylvee** - This new venture will operate on a much larger scale than our proposed project. We plan to open with a maximum capacity of 325 patrons, and have no interest in booking the premier touring acts that will headline at

the Sylvee. We will offer a less mainstream cultural option than this behemoth.

- **The Orpheum** - Another excellent venue that books larger shows and higher-profile acts while targeting a crowd drawn largely from the college-age population. We aim at a different demographic, both in terms of taste and age.
- **Connections (Murphy's)** - Connections, which has opened in the rebranded Murphy's tavern, may be our closest direct competitor. It currently houses some of the DJs who performed at the Inferno. Connections offers a smaller, congenial club space. We will offer a larger venue, with a better-quality sound system and stage. In addition, Murphy's caters to a wide variety of nights and acts, and we would be competing with them for patrons only on very occasional nights - perhaps twice per month.

## Financial Projections

A detailed monthly cashflow for the first 3 years of business is provided as a separate attachment, and details sources of revenue and anticipated expenses.

The club will primarily earn income by functioning as a nightclub and bar, but will also be rented for some private events. In addition, a reliable stream of steady income will be generated by renting out 9500 sqft of garage space. Initially, this will be rented as storage space (tenants for ½ of this space are already arranged), but over time this space will ideally be transformed into artists' studios.

Key assumptions:

- Upon opening, several popular club nights are expected to move into our venue (see Market Analysis section). These events are currently hosted at other clubs in the area since the closing of the Inferno. We expect these events will launch with nearly-full attendance.
- New events will launch with lower attendance, will slowly ramp-up to full potential attendance.
- Advertising budget will be substantial during first year, but will decrease rapidly after that point - most effective advertising for our venue will be conducted via social media.
- Monthly expenses include base salaries for the owners, which could otherwise be attributed to the profit margin. We feel this is appropriate since the owners will be operating the club in day-to-day management jobs.

Given these assumptions, we project that we will begin to make money on this venture during the third year of operation

We plan to employ a rotating staff, with up to a sixteen individuals on duty for busier nights, and only one or two employees on staff (in addition to management) on slower evenings.

## **Appendix A: Security & Compliance**

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### **Number/Utilization of Security Personnel**

For live music events, one in-house security person for each 50 patrons shall be on duty. All security personnel shall be attired in a manner to readily identify them as such. From the time a live music event ends and for 30 minutes thereafter, one-half of all security personnel shall be stationed outside the premises to assist and encourage patrons to leave safely. For live events, pre-sale and day-of-sale ticket sales shall not exceed capacity. Security staff shall regularly patrol both the women's and men's bathroom facilities. Software to track patrons and IDs will be used by staff at all times to ensure an accurate patron count.

### **ID Checking & Scanners**

Licensee will ensure that all door and service staff are trained and certified to evaluate identification. ID Scanners will be used to verify and record all IDs. This data will be made available to police if requested, and will be used to maintain a list of banned patrons, should this become necessary.

All identification cards used to prove age must be valid (i.e., may not be expired), and must be government-issued. If the identification card is expired or appears at all questionable to the employee, the employee shall request a second form of identification. The employee shall make sure that the individual purchasing the liquor resembles the identification card. All employees are encouraged to ask purchasers questions relating to their identification in order to verify the information. If the employee checking an ID has a strong suspicion that an ID is false, altered, or belongs to someone other than the person presenting the ID, he/she shall confiscate the ID and turn it over to management, to be presented to the police.

### **Patrons who are Intoxicated**

Licensee, its agents, and employees, may not sell, dispense, or give away alcohol to any person who is under the influence of alcoholic beverages at that term is defined in Madison General Ordinances Section 38.02, nor shall such a person be permitted on the premises. When a customer has been "cut off," the server will notify the other employees. Management will support the server's decision to terminate service to any customer. If a customer is too impaired to drive safely, licensee will try to persuade the customer not to drive, and arrange for a safe ride. If the customer refuses, management will notify the Madison Police Department with a description of the person and the license plate number of the vehicle, if possible.

### **Unruly Patrons**

Licensee will familiarize all security staff with provisions of Madison General Ordinances Section 38.06(10), the unruly patron ordinance. When a patron acts in a manner that is violent, abusive, indecent, profane, boisterous, or otherwise disorderly, licensee will immediately contact the police and request that the police invoke the provisions of the ordinance.



### **Circumstances under which the Police will be called**

The police will be called, in a timely manner, any time management or staff has information to believe a crime has been or is about to be committed and/or whenever a threat of or act of violence occurs on the premises or off premises in areas that would be considered in view or earshot of the establishment.

### **Handling of Physical Disturbances, including Fights**

Security or management will ask anyone who is fighting to leave. If necessary, security or management will call the local law enforcement agency for assistance. Licensee will permanently refuse admittance to any chronic problem customer.