

Mansion Hill Steering Committee on the Edgewater

20 North Carroll Street
Madison, WI 53703

April 1, 2010

Mr. Mark Olinger
Department of Planning and Development
215 Martin Luther King Jr. Blvd.
Madison, WI 53703

RE: Edgewater

Dear Mark:

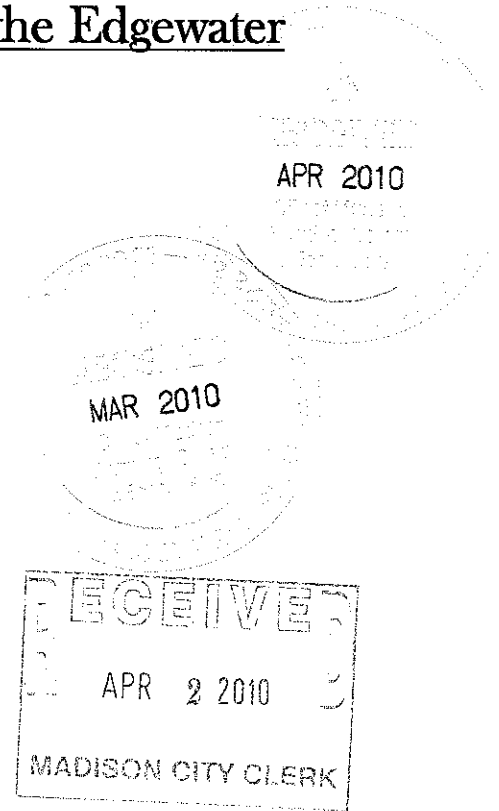
Attached is an Appeal from the Action of the City Plan Commission.

Yesterday members of the Mansion Hill Steering Committee on the Edgewater met with city staff in a meeting arranged by Mike Waidelich at our request. We explained our disappointment with the very abbreviated discussion and lack of specific findings that understandably, but not justifiably, could have been the result of the exceptionally long public testimony and late hour. We realize that our appeal will not be welcomed by some parties who would just love to see the end of the Edgewater process, and frankly, most of us would like to get on with our lives as well.

We have some ideas about how we could focus reconsideration, either at the Council or at the Plan Commission, that hopefully could make this process a little less painful, but still deal with important issues.

Parking

From the outset, Bob Dunn has promised that the project will provide sufficient parking so that street parking in the neighborhood will not be affected. He has specifically stated on numerous occasions that, "the project will have sufficient parking to handle all of the parking requirements generated by the project under any circumstances." At this time, people using the hotel self-park at



no cost. The incentive is for all users of the hotel to use the hotel's parking. Valet parking or charging for parking could dramatically reverse that dynamic.

Currently the plan indicates 350 parking stalls, not less than 120 of which are allocated to National Guardian Life during the day on weekdays leaving a net of 230 spaces on weekdays and 350 evenings and weekends. Keeping in mind that the current Edgewater has 226 spaces and is sometimes full and requires parkers to go elsewhere, it is obvious that the new hotel with an expanded tower, a tripling of employees, 9,500 square feet of banquet meeting space, 11,750 feet of restaurant space, a 5,400 square foot spa, and 47,200 square feet of outdoor public space is going to need a great more than 230 parking places in order to handle its own needs. We have to ask why we are the only ones making these calculations.

During the March 23rd-24th Plan Commission meeting, we were assured that there would be a transportation demand study that would take account of the hotel's parking needs. After the meeting, we made contact with the Traffic Department and found that the traffic demand study would only look at traffic counts on Wisconsin Avenue and Langdon and would not cover parking at all. We then contacted the Plan Department officials who told us this was a zoning matter and that there would be no recommendation coming forward on parking. This is not good enough.

Height and Setback

As you know, the height, setback and volume of the tower are important issues. In our testimony, we had suggested that two or three stories could be removed from the tower. We went onto explain that the cost of the two floors of condominiums at \$7,500,000 would exactly equal the sale price of the units, producing a "wash." A Commission member asked Bob Dunn about the "wash" that late in the meeting (which could have been in preparation for a discussion of the possibility of removing the two floors of condominiums). Bob Dunn's response was something like, "the only person I have ever heard talk about that is Fred Mohs." Many people were in the room who knew that Bob Dunn's statement was inaccurate, but no one spoke up and the subject was dropped.

Many of us are familiar with factual inaccuracies that have been part of this project going back to the misrepresentation alleging enthusiastic neighborhood support that mislead the Mayor for about three weeks until the truth came out. Many know about the misrepresentation and "hijacking" of the Mayor and Brad Murphy that induced them to come to the first meeting of the now defunct

Mansion Hill Coalition organized by the developer. City officials cannot be expected to stop and clear up every inaccuracy they come across, but the fact is that we, the Mansion Hill Steering Committee, have been way too shy in pointing out serious misrepresentations. In the TIF application dated January 28, 2010, presented by PowerPoint to the City Council and in print the page showing cost indicated "residential" at \$7,500,000. On the next page titled "impact on investment, gap" residential loan and sales were indicated at \$7,500,000. Testimony by Bob Dunn at UDC and elsewhere was to the same effect. In short, Fred Mohs was not the only person anyone has ever heard refer to the \$7,500,000 "wash."

Somehow out of this, we would like to have the Plan Commission be informed that Bob Dunn's testimony was inaccurate and that indeed the fact that the two condominium floors were a "wash" has been a part of this project since at least January 28, 2010.

It was not that long ago that the downtown neighborhood was disintegrating with the only option being a move to the suburbs for those who were able. No matter how all of this works out, the fact that there are cohesive neighborhoods in Downtown Madison that will duke it out for long periods of time in order to pursue their vision and dream is a good thing.

Sincerely,

Mansion Hill Steering Committee on the
Edgewater



Frederic E. Mohs,
Member

FEM: eeh

Edgewater Hotel

Presentation on Current TIF Application
And Impacts of Building Density on Gap
Special Meeting of the Common Council, City of Madison

January 28, 2010

Joe Gromacki, TIF Coordinator
Economic Development Division
Department of Planning, Community & Economic Development

Impact of Design Changes on Cost, Value

Cost	Six Story		
	8 story 192 Rooms	156 - 160 Rooms	1 Story 82 Rooms
Land & Demo	\$ (9,000,000)	\$ (9,500,000)	\$ (10,000,000)
Hard	\$ (41,750,000)	\$ (40,050,000)	\$ (32,900,000)
Parking	\$ (4,900,000)	\$ (4,900,000)	\$ (4,900,000)
Soft	\$ (8,950,000)	\$ (9,500,000)	\$ (8,600,000)
Residential	\$ (7,500,000)	\$ (3,750,000)	\$ -
Public Access	\$ (17,900,000)	\$ (17,900,000)	\$ (17,900,000)
Total Cost	\$ (90,000,000)	\$ (85,600,000)	\$ (74,300,000)
Estimated NOI	\$ 4,131,000	\$ 3,290,000	\$ 2,054,000
Estimated Value	\$ 44,800,000	\$ 35,000,000	\$ 21,000,000
Coverage @ NOI	1.73	1.01	0.93
Profit @ 20 - 30 Yrs	10.2%	3.5%	-8.6%

Comments

Assuming loan and equity stay constant, debt coverage decreases, bank not likely to lend
 Investor profit decreases, investors likely to pull out or reduce investment

Impact on Investment, Gap

	8-Story	6-Story	1-Story
NOI	\$ 4,131,000	\$ 3,290,000	\$ 2,054,000
Value	\$ 44,800,000	\$ 35,000,000	\$ 21,000,000
Debt Coverage Ratio	1.73	1.73	1.73
Desired Equity Return @ 30 yrs	10%	10%	10%
Total Cost (Uses)	\$ (90,000,000)	\$ (85,600,000)	\$ (74,300,000)

Sources of Funds	8-Story	6-Story	1-Story
Max. Equity @ 10% IRR - Hotel	\$30,975,000	\$ 20,000,000	\$ 10,000,000
Loan - Hotel	\$30,125,000	\$ 22,700,000	\$ 14,184,000
Developer Share of Public Acc	\$5,400,000	\$ 5,400,000	\$ 5,400,000
Residential Loan & Sales	\$7,500,000	\$ 3,750,000	\$ -
Total Sources	\$74,000,000	\$ 51,850,000	\$ 29,584,000

Gap \$ (16,000,000) \$ (33,750,000) \$ (44,716,000)