



December 11, 2013

Mr. George E. Austin
Judge Doyle Square Project Director
Room LL-100, Madison Municipal Building
215 Martin Luther King Jr. Blvd.
Madison, WI 53703-3346

Re: Judge Doyle Square – Response to City Staff Team Analysis, November 2013

Dear Mr. Austin,

We appreciate the opinions that have been shared regarding the project plan and design. If selected as developer we are committed to collaborating with City staff, UDC, Landmarks Commission and other stakeholders to continue to refine the massing and aesthetics of the design. We are confident that we can positively address each and every comment raised. The project design we offered is based on our team's extensive experience with the development of full-service urban hotels and is in response to the City of Madison's Downtown Plan, the feedback of City staff and specific experience in downtown Madison.

As a national convention center headquarters hotel developer, we have been through this process many times. We often start out with a concept that is not the final constructed project. Our conceptual design was developed on a basis of understanding the requirements of the RFP and hotel flag to ensure the financial model could work. It is our understanding and willingness to work thru design changes as we have done on other projects to make this project a win-win for the City. Attached is an example of design evolution for another project that Journeyman Group has developed.

CONNECTIVITY TO THE MADISON MUNICIPAL BUILDING

As noted in the staff report, the City's preferred alternative is to preserve the Madison Municipal Building (MMB) as City offices. Without being presumptuous as to the City's future plans for the MMB we illustrated just one possible location for connection. The provided connection links the hotel's primary public meeting pre-function space with the MMB's first floor. Subsequent to our RFP submittal the MMB Conceptual Schematic Design Study has been published and offers three plan options for the MMB. We believe that all of these options can be coordinated with our hotel plans to provide an appropriate pedestrian connection while continuing to provide the City's departmental layouts per the study.

Many other options are certainly possible and can be accommodated if the thru-block loading driveway we provided is eliminated. The thru-block loading driveway we provided was based on the recommendation of City staff during previous design studies. This allows service vehicles to provide both loading and garbage removal for the hotel and the MMB with exit to Wilson St. This method of service does not require reversing off Wilson St or Doty St against the one-way traffic flow.

MASSING AND ORIENTATION

We explored many alternatives before developing our proposed project plan. We look forward to sharing and revisiting those studies if selected. Several drivers influenced our proposed design. The hotel tower

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provides a wing of guestrooms along Wilson St, facing Lake Monona. We believe this view from the guestrooms offers a positive differentiator for a hotel at Judge Doyle Square.

Another key driver of the configuration is the requirement of an upper-upscale full-service hotel to have a significant amount of meeting space that includes a large column-free ballroom. By comparison, a limited service hotel has less meeting space and smaller meeting rooms. Our full-service Marriott Hotel provides a 10,400 net square foot ballroom outside the footprint of the guestroom tower and a total of 18,200 net square feet of meeting space.

There are several alternates for the orientation of the guestroom wings that will accommodate our proposed ballroom size and complimentary breakout meeting space. Alternates may include building setbacks achieved by increasing the number of floors up to the Capitol View Preservation Limit in some areas and reducing the number of floors in other areas.

PEDESTRIAN ENVIRONMENT

As noted, the hotel does not utilize the MMB for hotel use so hotel arrival, service, and restaurant functions are concentrated on the east half of Wilson St, along Pinckney St and the east half of Doty St. vehicular access is located on Pinckney St and Doty St, both of which are noted as a "Thoroughfare" in the Downtown Plan.

Also, in response to the Downtown Plan, specifically Recommendation 62, we focused hotel activity along Wilson St and Pinckney St and at their corners. We appreciate the feedback regarding the Doty St frontage. We relish the challenge of maximizing street-facing activity while also incorporating the code-required exit stairs and doors that a full-service hotel requires to satisfy its large occupant load.

A comment was made in regards to restaurants activating the façade at typical meal times. Please note that a full-service hotel restaurant serves its guests and customers for breakfast, lunch and dinner as well as for early morning coffee service, late night bar service and all times in-between. Full-service hotel restaurants maintain longer hours of operation than retail or professional service outlets. By comparison, if a limited-service hotel provides food at all it is usually only for continental breakfast.

HOTEL ROOM BLOCK

For the Monona Terrace and the City to compete most effectively for the additional convention business it wants a full-service, globally branded hotel is absolutely necessary as envisioned in the Journeyman proposal. We will work to deliver the room block commitment in a form that satisfies the City's requirement.

The report accurately reflects meeting planner expectations that a headquarter hotel contract 80% of the inventory, which would allow conventions to book 280 rooms at peak. Depending on time of year, the proposed Marriott could extend 90% (315 rooms peak) to book the business.

Proximity to the convention center is also important to city-wide convention meeting planners. Having the ability to guarantee in excess of 450 rooms peak between the Marriott and the Hilton will make the Monona convention more appealing for larger conventions with overflow business to hotels within a close proximity a higher probability. The Sheraton Madison is generally beyond the acceptable distance for convention related business.

MARKET INFORMATION

Hilton and Marriott brands are the most widely recognized brands by convention planners to create the appropriate image and comfort for conventioners that the facilities will provide the commensurate service levels and facilities for a successful convention. The national sales offices are also very helpful in providing leads and closing business for national, regional and statewide conventions. Although the GMCVB does generate a significant amount of leads into the Madison market, national sales efforts by existing brands will enhance lead generation and facilitate greater large group and convention demand into the market. Other brands, specifically Starwood, maintain national sales offices that are not as effective as Marriott or Hilton and other brands have limited to no national representation (or for that matter reputation as a quality convention operator) and these brands would include Wyndham, Radisson, Choice and more specifically independent hotels.

The Marriott Rewards Program is recognized as the best hotel brand loyalty program which would also assist in closing more business. Loyalty programs have become the standard for almost all industries and Marriott is recognized as the gold standard.

There are still concerns over the stipulation of capping the rates quoted to convention groups at 125% of the defined comp set since this could impair the ability of the owner to maximize rate during high demand periods. This assumes that all hotels yield the sellable rate similarly and maintain the same mix of group and transient business not to mention that each hotel offers the same quality of product and services with similar finish levels. The convention planner will ultimately determine the appropriate rate based on past practice and pricing and if we are successful in booking higher end conventions that are willing to pay higher rates than the historical averages, it will benefit local hotels and the local tax base. Our prior response reflected similar concerns and since Sheraton, Hyatt Place and Doubletree are viewed as lower quality options to the traveling public, this will inhibit our ability to maximize REVPAR for the Marriott.

We welcome the opportunity to sit down and collaborate with the city staff and have additional feedback and comments. We are committed to continuing to provide substantial improvements to our project plan as outlined in the Staff's report Path Forward.

The Journeyman proposal can be of course tweaked and redesigned in ways that speak to most if not all of the staff concerns, but the real message is that this is a proposal that even with such redesign is ready to go, and can be readily under-written by bond counsel and bankers. We also stand ready to deliver this project in a timely manner with as little disruption to merchants as possible.

Respectfully submitted,

Journeyman Group

A handwritten signature in blue ink, appearing to read "H. Blackburn", with a long horizontal flourish extending to the right.

Harley Blackburn
Vice President

EVOLUTION

