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COMMON COUNCIL
CITY of MILWAUKEE
NEWS RELEASE
CITY CLERK COMMUNICATIONS CENTER

FOR INFORMATION CALL

July 10, 2014

Ald. Terry L. Witkowski
(414) 286-2883

Bradley Center, Wisconsin Center efforts should go hand-in-hand

Alderman Witkowski news conference will call for changes in board structures

With a new consultant's report that calls for expanding exhibit, meeting and ballroom space at the Wisconsin Center, **Milwaukee Alderman Terry L. Witkowski** said it is time for state agencies to work together on making Milwaukee's downtown a more vibrant convention and tourist destination.

Alderman Witkowski will hold a news conference Friday, July 11 at 9:30 a.m. in the **Milwaukee City Hall rotunda, 200 E. Wells St.,** to give his take on the consultant's report and lay out his vision for the future of the Wisconsin Center and the BMO Harris Bradley Center. Both venues are currently entering transition periods.

"These venues are the anchors of what could become a destination mixed-use entertainment district in downtown Milwaukee," Alderman Witkowski said. "They're mere blocks from each other, yet their futures are being determined by two separate boards with sometimes conflicting interests. That's not an efficient way to do business, and development on these sites needs built-in efficiencies and private investment."

Delivered to the Steering and Rules Committee on Thursday, a consultant's report (attached) calls for creating a unified entertainment district in the five-block stretch between the Wisconsin Center on W. Wisconsin Ave. and the current site of the BMO Harris Bradley Center at W. Juneau Ave. It also recommends expanding the Wisconsin Center's exhibit space by more than 25 percent and doubling available meeting space.

The consultant projects that a 26 percent increase in event and convention attendance and a 71 percent increase in overnight hotel stays would result.

-30-

Report Presentation
Market & Feasibility Analysis
Wisconsin Center Expansion
May 14, 2014
DRAFT

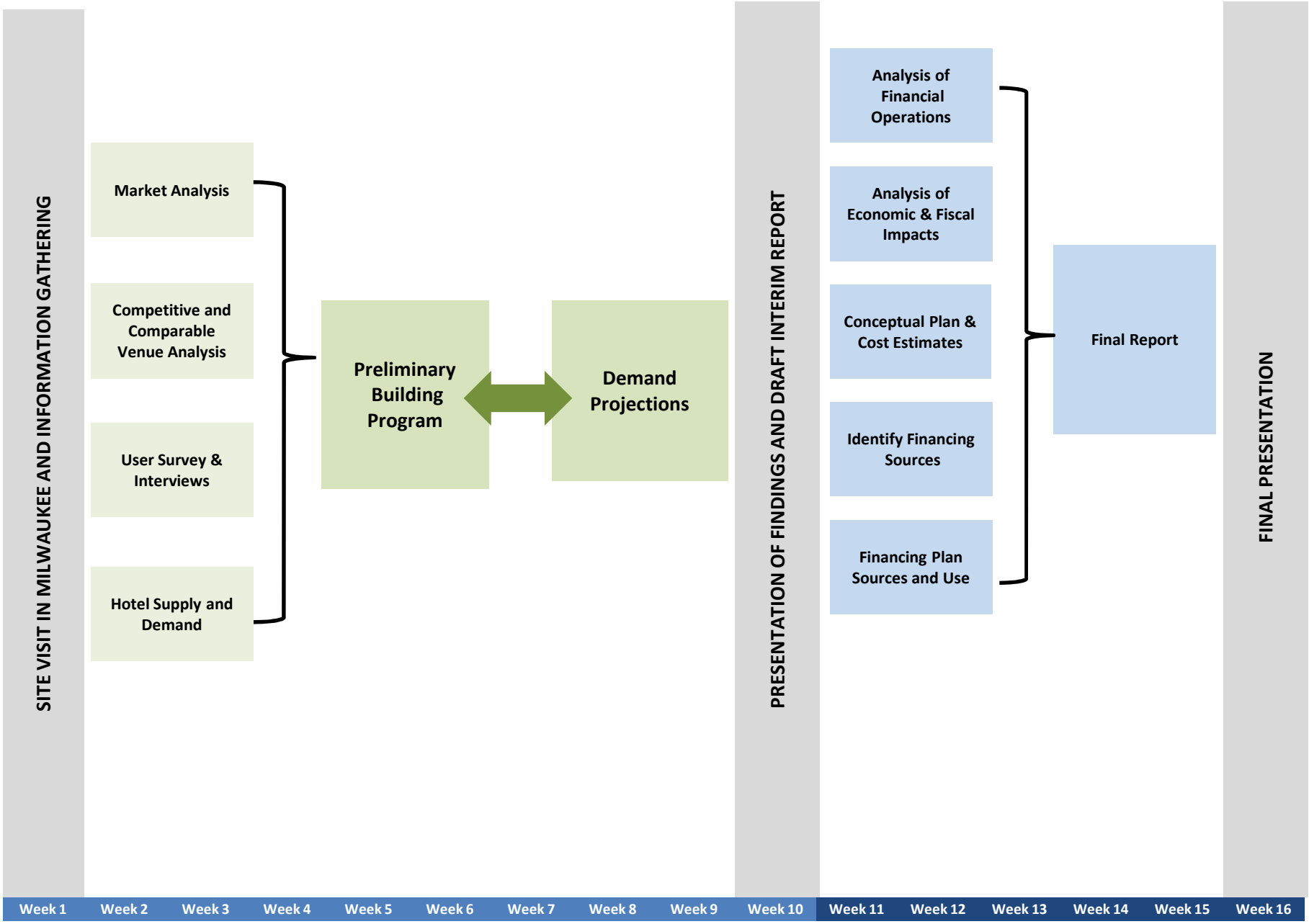
Wisconsin Center Expansion Study Process

The Wisconsin Center District and Visit Milwaukee engaged HVS Convention, Sports & Entertainment Facilities Consulting ("HVS") and tvsdesign to conduct expansion analysis of the Wisconsin Center in Milwaukee, Wisconsin. The proposed Wisconsin Center expansion could enhance the demand potential of the meetings market in Milwaukee, and allow Milwaukee to compete more effectively for group meetings business against national, regional, and state competitors. If the expansion were part of a larger mixed-use sports and entertainment complex, the Wisconsin Center expansion could play a vital role in the redevelopment of downtown Milwaukee. The HVS analysis included:

-- Assessment of the market's strengths and weaknesses
-- A detailed survey of event planners
-- Comparative analysis with other venues and destinations
-- Building program recommendations
-- A concept plan for the recommended program
-- Demand and financial forecasts
-- An economic impact analysis

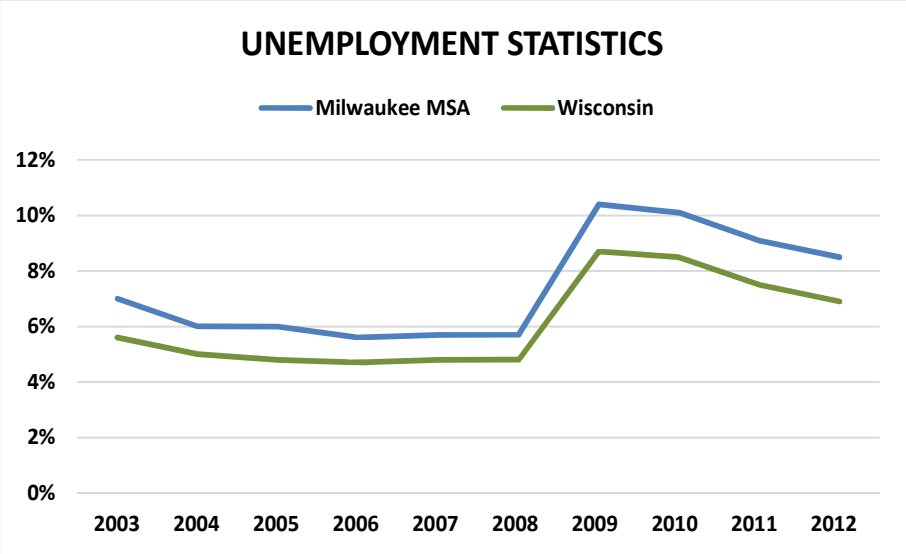
The graphic on the following page illustrates the study process.

Wisconsin Center Expansion Study Process



Milwaukee Market Area Analysis

The Milwaukee market benefits from a well-diversified employment base, which has slowly improved since the 2008 recession. A significant number of major companies across a broad range of business sectors provide a strong and stable corporate presence and serve as potential sources of demand for convention center spaces. Healthcare and financial services remain the cornerstones of the market and potential sources from convention, trade show, and meeting demand. The economic outlook for the area is generally positive with employment growth anticipated in most sectors.



MAJOR EMPLOYERS

Firm	Number of Employees
Aurora Health Care	21,100
Wheaton Franciscan Healthcare	12,000
Froedtert Health	8,600
Kohl's Corporation	7,700
Roundy's Supermarkets, Inc.	6,800
GE Healthcare	6,000
Quad/Graphics, Inc.	5,600
Columbia St. Mary's	5,400
Medical College of Wisconsin	5,200
ProHealth Care, Inc.	5,000
Northwestern Mutual	5,000
Wisconsin Energy Corp.	4,700
BMO Harris Bank	4,500
Children's Hospital & Health System	4,400
Rockwell Automation	4,300
AT&T Wisconsin	3,700
Wells Fargo	3,500
US Bank	3,300
FIS	3,100
Harley Davidson Inc.	2,800
Johnson Controls	2,800
Marquette University	2,800
Potawatomi Casino	2,500
Bon-Ton Department Stores	2,500
Briggs & Stratton Corp.	2,300

Milwaukee Market Area Analysis

The manufacturing sector of the Milwaukee economy has been in decline since 1990 but overall economic growth is expected as healthcare and other service industries offset the decline in manufacturing. The types of events that occur at the Wisconsin Center are likely to reflect this economic change. The practical effect on the Wisconsin Center will be less demand for exhibit space as required by manufacturing trade shows and more demand for meeting and banquet space as required by service industry events.

HISTORICAL AND PROJECTED EMPLOYMENT (000S)

Sector/Geographic Area	Beginning Amount (thousands)	1990	2002	2012	2017	Ending Amount (thousands)
Milwaukee County						
Health Care And Social Assistance	86					151
Manufacturing	166					111
Retail Trade	103					98
State And Local Government	73					86
Accommodation And Food Services	50					66
Administrative And Waste Services	40					61
Professional And Technical Services	41					59
Finance And Insurance	54					59
Other Services, Except Public Administration	44					57
Wholesale Trade	44					42
Other	179					242
Total Milwaukee County	881					1,032
U.S.	138,331					191,297

Source: Woods & Poole Economics, Inc.

Milwaukee experienced recent declines in passenger air service, which is a concern to national event planners who prefer direct air access to the destinations they choose.

Highway access is excellent for a large majority of the population of Wisconsin, which will allow the Wisconsin Center to continue to attract state association and corporate business.

Comparable Venue Function Space Analysis

HVS compared the Wisconsin Center to seven competing state venues and to 12 comparable national venues, with respect to the amount of their function space (exhibit ballroom and meeting space).

The Wisconsin Center ranks first among state venues, but is smaller than all but two national venues. The two smaller venues are in cities with smaller populations and economies than Milwaukee.

The relatively small size of the Wisconsin Center limits its demand potential in two ways: 1) the venue cannot accommodate larger events, and 2) it cannot accommodate as many simultaneous events as the larger competitors. As seen later in this analysis, the lack of adequate amounts of function space and date conflicts are two reasons event planners have not used the Wisconsin Center.

COMPARABLE VENUES

Name of Venue	Location		Total Function Space (square feet)
State Competitors			
Wisconsin Center	**Milwaukee**	**WI**	**265,841**
Wisconsin Expo Center	Milwaukee	WI	202,727
Alliant Energy Center	Madison	WI	119,360
Monona Terrace Community and Convention Center	Madison	WI	68,370
La Crosse Center	La Crosse	WI	68,012
Kalahari Resorts	Wisconsin Dells	WI	61,342
Grand Geneva Resort & Spa	Lake Geneva	WI	48,166
KI Convention Center	Green Bay	WI	41,801
National Competitors			
Indiana Convention Center	Indianapolis	IN	737,500
Americas Center	St. Louis	MO	644,582
Greater Columbus Convention Center	Columbus	OH	634,640
Minneapolis Convention Center	Minneapolis	MN	597,980
Kansas City Convention Center	Kansas City	MO	552,954
Music City Center	Nashville	TN	500,593
David L. Lawrence Convention Center	Pittsburgh	PA	423,046
Cleveland Convention Center	Cleveland	OH	319,099
Duke Energy Convention Center	Cincinnati	OH	296,972
Kentucky International Convention Center	Louisville	KY	288,093
Wisconsin Center	**Milwaukee**	**WI**	**265,841**
CenturyLink Convention Center	Omaha	NE	258,226
DeVos Place	Grand Rapids	MI	234,000

Sources: Respective Venues

Exhibit, Ballroom, and Meeting Space Comparisons

HVS compared the Wisconsin Center to comparable national venues by type of functions space: exhibit, ballroom, and meeting rooms. The Wisconsin Center ranks at the bottom with respect to the available floor area of exhibit space, but near the middle of the comparable venues in the amount of ballroom space. Meeting space also appears to be deficient as the Wisconsin Center ranks third last. While this comparison illustrates the need for the increase in all types of space, exhibit and meeting space should increase more than ballroom space in order to maintain a good proportion of function spaces.

BALLROOM

National Competitors	sf
Greater Columbus Convention Center	114,000
Kansas City Convention Center	70,394
Music City Center	65,400
Indiana Convention Center	62,173
Duke Energy Convention Center	57,311
CenturyLink Convention Center	41,876
DeVos Place	40,000
Wisconsin Center	**37,506**
David L. Lawrence Convention Center	33,058
Kentucky International Convention Center	30,000
Americas Center	28,416
Minneapolis Convention Center	27,522
Cleveland Convention Center	0
Average	50,638

EXHIBIT HALL

National Competitors	sf
Indiana Convention Center	566,600
Americas Center	485,000
Minneapolis Convention Center	475,000
Greater Columbus Convention Center	413,640
Kansas City Convention Center	388,800
Cleveland Convention Center	375,000
Music City Center	353,143
David L. Lawrence Convention Center	313,106
Duke Energy Convention Center	195,320
CenturyLink Convention Center	194,300
Kentucky International Convention Center	191,000
Wisconsin Center	**188,695**
DeVos Place	162,000
Average	330,893

MEETING ROOMS

National Competitors	sf
Americas Center	131,166
Indiana Convention Center	113,302
Greater Columbus Convention Center	107,000
Minneapolis Convention Center	95,458
Kansas City Convention Center	93,760
Music City Center	82,050
David L. Lawrence Convention Center	76,882
Kentucky International Convention Center	67,093
Duke Energy Convention Center	44,341
Wisconsin Center	**39,640**
DeVos Place	32,000
CenturyLink Convention Center	22,050
Cleveland Convention Center	0
Average	75,395

Ranking of Milwaukee's National Competitors

To assess Milwaukee's competitiveness as a national convention and meetings destination, HVS ranked Milwaukee and 12 comparable cities on eight criteria that indicate attractiveness as a destination. Amounts of function space, hotel capacity, air access, and cost of travel are of immediate concern to event planners. The level of population, median income, and corporate presences indicate the quality of the destination and its ability to generate local demand of the convention center. On these criteria, Milwaukee ranks nine of 13 overall. Strong rankings in adjacent hotel capacity (2) and travel costs (2) are offset by low rankings in amounts of function space (11), total hotel rooms (10), supporting population (10), median income (8), and the number of businesses (10). The previously discussed air capacity limitations place Milwaukee in the seventh rank with respect to air service.

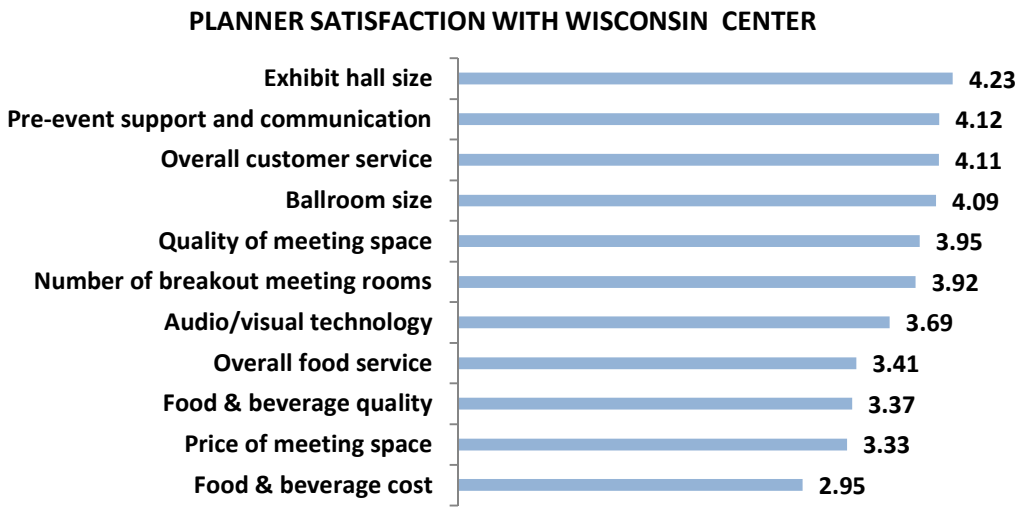
Venue	Total Function Space	Adjacent Hotel Capacity	Airport Passengers	MSA Pop	MSA Median Inc	Number Bus > 500	Total Hotel Rooms	Cost Index*	Overall Rank
Americas Center	2	3	2	2	4	2	4	6	1
Minneapolis Convention Center	4	2	1	1	1	1	7	13	2
Indiana Convention Center	1	1	8	7	5	8	2	1	3
Music City Center	6	7	3	9	9	9	1	4	4
Kansas City Convention Center	5	13	4	6	2	5	12	4	5
Greater Columbus Convention Center	3	9	9	8	7	7	3	8	6
David L. Lawrence Convention Center	7	10	6	3	10	3	6	12	7
Duke Energy Convention Center	9	6	10	4	6	4	9	10	8
Wisconsin Center	**11**	**4**	**7**	**10**	**8**	**10**	**10**	**2**	**9**
Cleveland Convention Center	8	12	5	5	11	6	12	11	10
CenturyLink Convention Center	12	11	11	12	3	12	8	3	11
Kentucky International Convention Center	10	5	12	11	13	11	5	7	12
DeVos Place	13	8	13	13	12	13	11	9	13

* Source: Corporate Travel Index

Event Planners Who Place Events in the Wisconsin Center are Highly Satisfied

The HVS survey asked event planners whether they used the Wisconsin Center. Of those who placed events in the Wisconsin Center, HVS asked about their level of satisfaction with various aspects of the venue and its operation. Event planners rated the Wisconsin Center on a scale of one to five with five being highly satisfied and one being highly unsatisfied.

Existing users are satisfied with the amounts and quality of available spaces and with overall customer service. Food service costs and quality ranks received lower rankings indicating that price and service adjustments could improve customer satisfaction. Satisfaction is the primary indicator of the ability to generate repeat business.

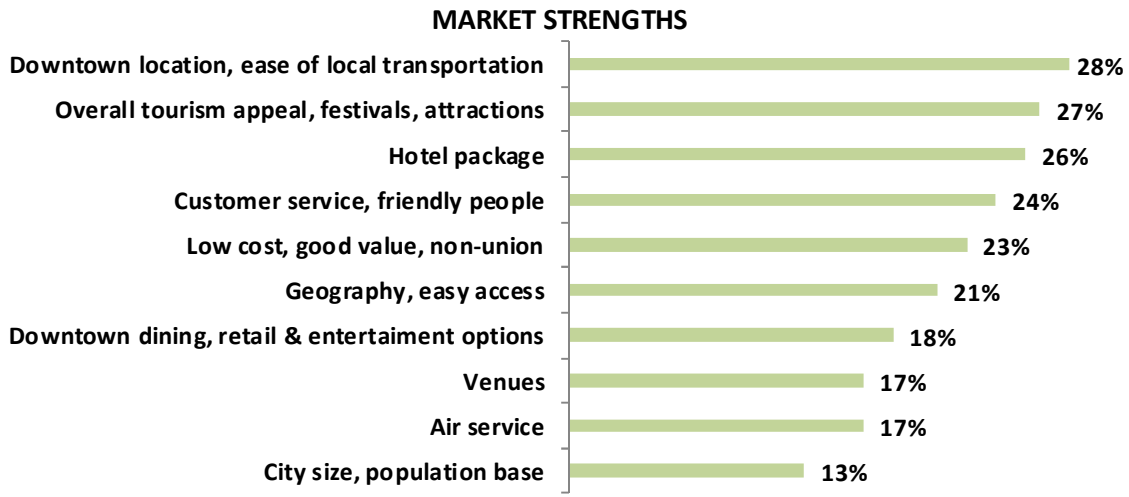


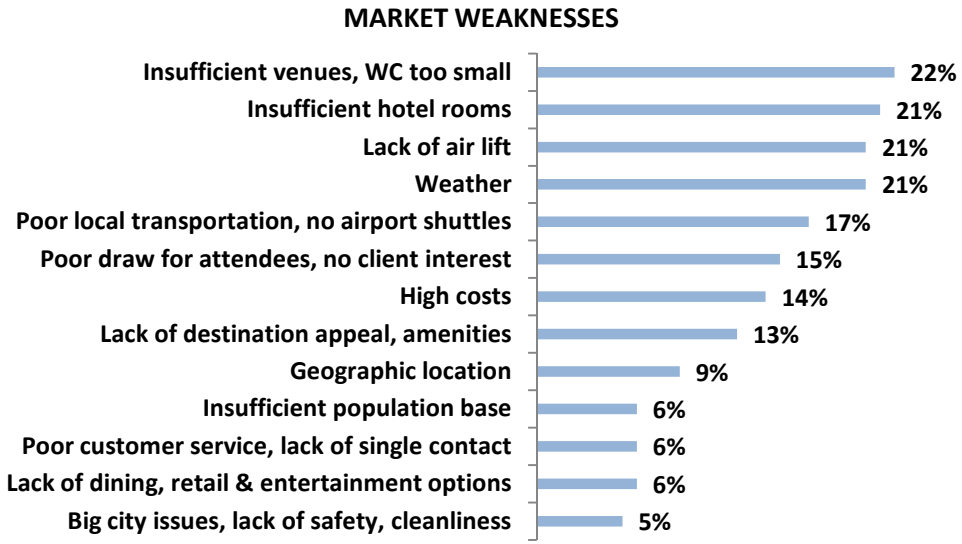
Event Planners Perceptions of Strengths and Weaknesses

HVS designed and conducted a survey of event planners to provide a basis for assessing the potential demand for a proposed expansion of the Wisconsin Center. HVS collected contact information for 597 event planners from Visit Milwaukee via email. HVS introduced the purpose of the survey and provided a link to the web-based survey. 204 respondents took the web-based survey – a 40 percent response rate.

Respondents included professionals from organizations representing national, regional, state, and local associations, government entities, corporate and other organizations. This survey gathered information from professional event planners about their event needs and event destination preferences.

In unaided questions, event planners were asked to list what they perceived to be the strengths and weaknesses of Milwaukee as a convention destination. HVS categorized these responses. The figures on the right show the percentage of respondents listing strengths or weaknesses in each category. The results show that downtown Milwaukee and its festivals are an attraction. But, the lack of capacity in existing venues and limited hotel room availability emerge as concerns for many event planners.



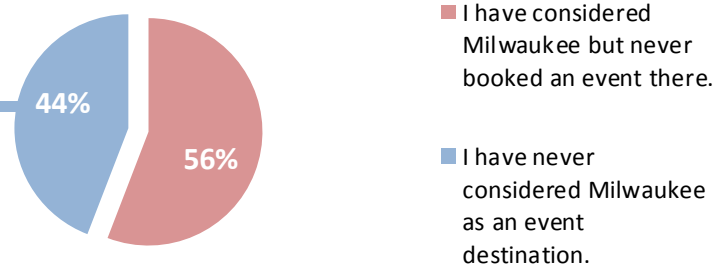


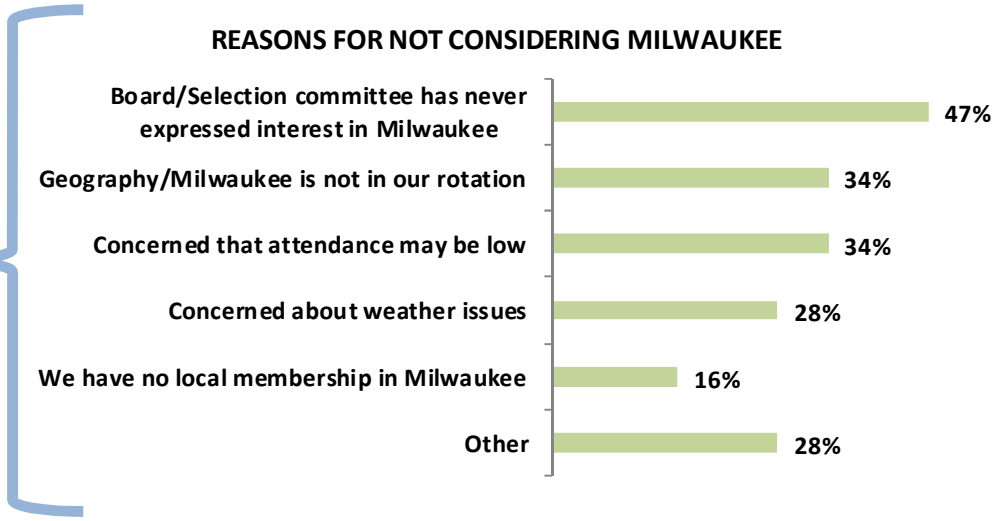
Reasons Event Planners Have Not Placed Events at the Wisconsin Center

Event planners that have not placed events at the Wisconsin Center fall into two categories: those who have considered Milwaukee but chose not to come and those who never considered Milwaukee. HVS asked the latter group why they never considered Milwaukee. Their lack of interest centers around issues of destination appeal.

Roughly a third of the event planners will not consider Milwaukee because it is not in their geographic rotation and little can be done to attract them to Milwaukee.

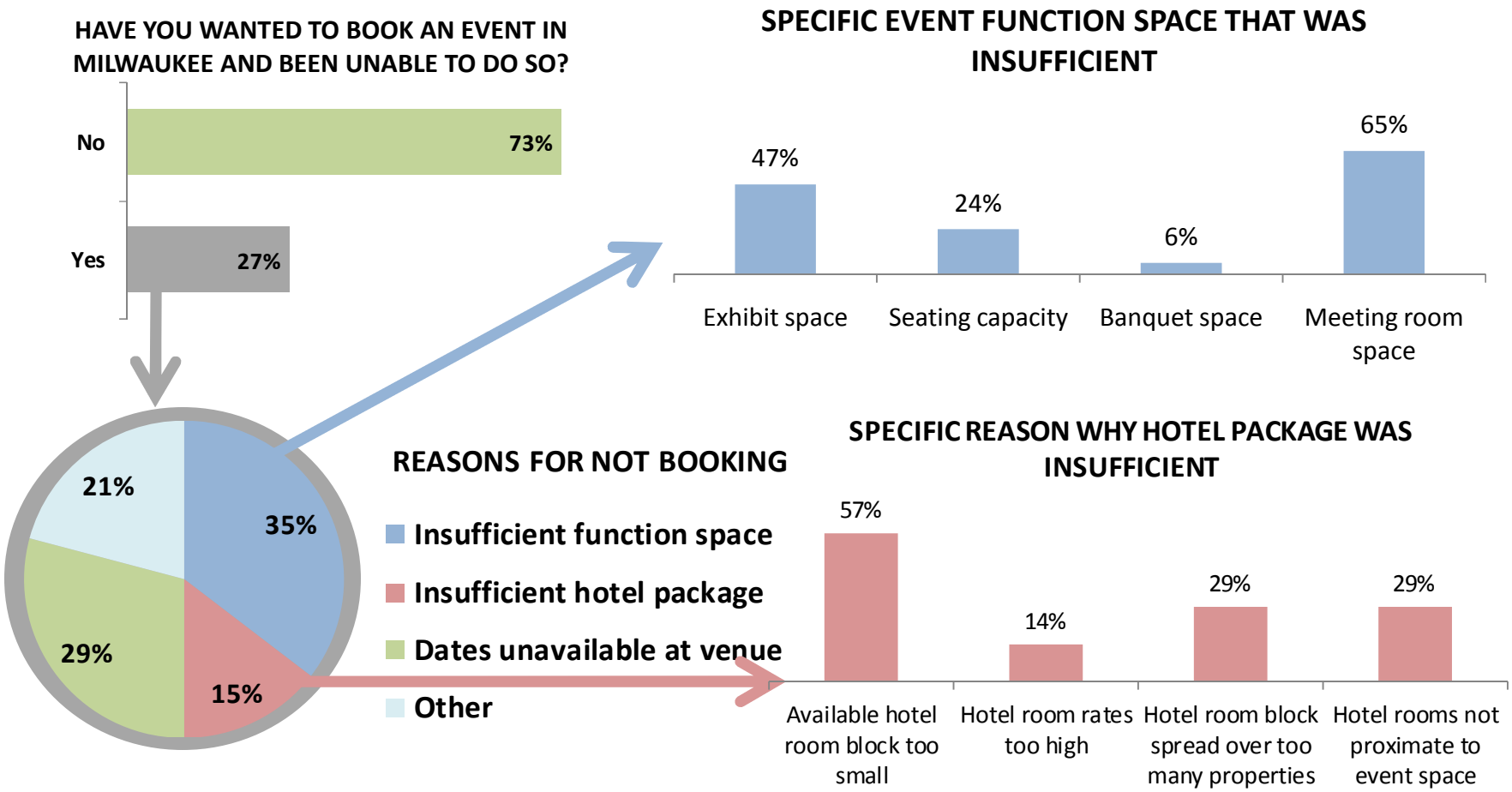
Another third of event planners expressed concern about Milwaukee's ability to attract attendees and these event planners would be more disposed to place their events in Milwaukee if steps were taken to improve its downtown destination appeal. Better destination appeal may also influence decision makers to consider Milwaukee for the first time.





Event Planners that Considered Milwaukee but Did Not Come

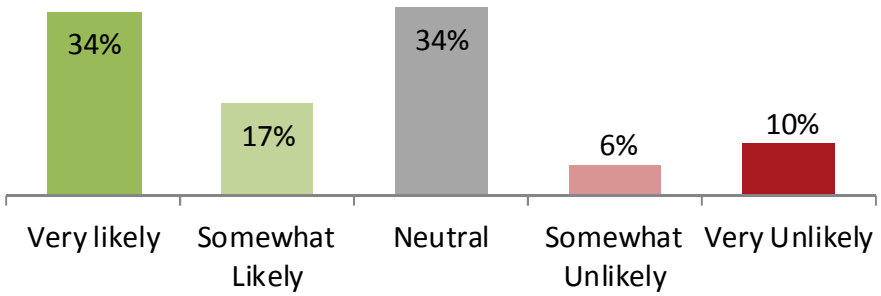
27 percent of event planners wanted to place an event in Milwaukee but were unable to do so. HVS asked them why they did not come. The lack of available function space and date conflicts are the leading sources of their reluctance. While banquet space availability is not an issue, meeting and exhibition spaces are insufficient. Although Milwaukee has a favorable number of proximate hotel rooms, 57 percent of event planners indicate that they could not reserve an adequate room block.



Frequency of Event Bookings

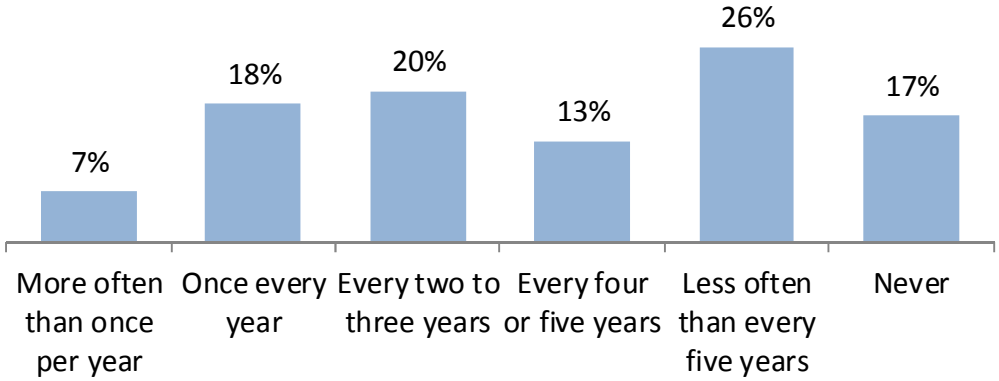
HVS asked event planners to indicate their likelihood of booking an event at the Wisconsin Center if the expanded building would meet their event needs. 51 percent indicated that they would be somewhat or highly likely to book an event.

LIKELIHOOD OF BOOKING EVENT



HVS asked how often event planners would book events at the Wisconsin Center. Only 17 percent said never and one fourth of event planners would book at least once per year.

FREQUENCY OF EVENTS



HVS Building Program Recommendations

HVS based its program recommendation on the previously discussed market, comparable venue, and event planner survey analyses. HVS program recommendations would place the proposed Wisconsin Center expansion in a position to attract new national, regional, and state conventions and tradeshows to the Milwaukee market. The venue could also serve the customer base, which faces venue size restrictions to grow. The proposed Wisconsin Center expansion would continue to accommodate local demand for conferences, meetings, banquets, and civic events.

The figure below shows the amounts of existing and proposed function spaces. The figures to the right compare existing and proposed Wisconsin Center capacities to the amounts of space needed by event planners who responded to the HVS survey.

Recommended Building Program

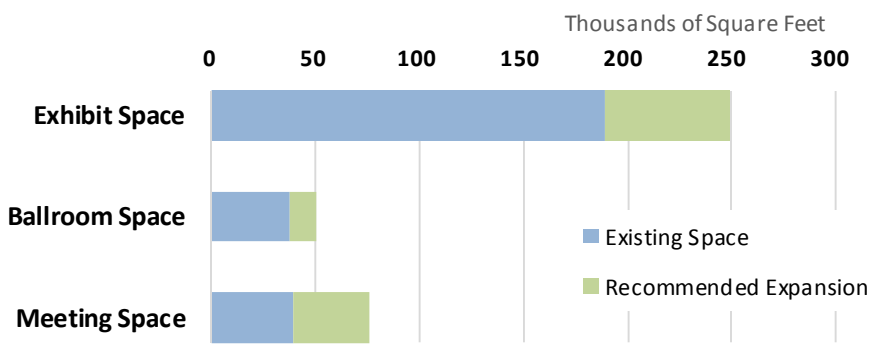
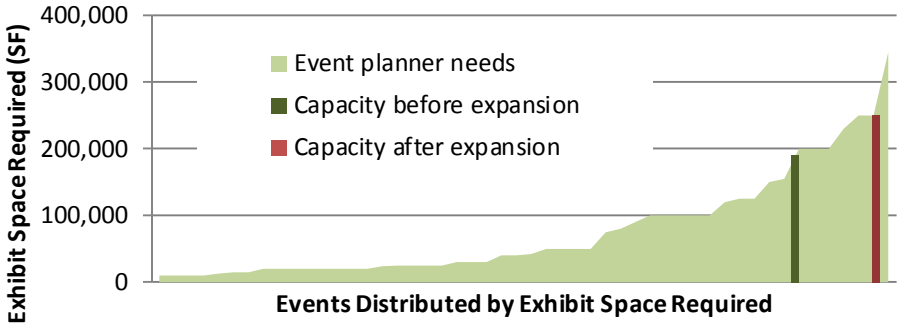
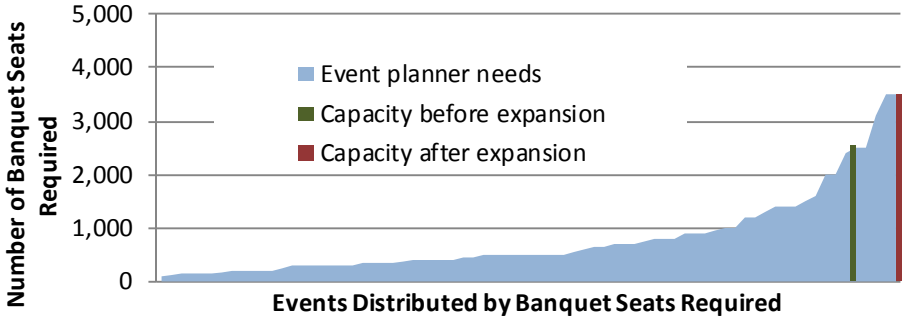


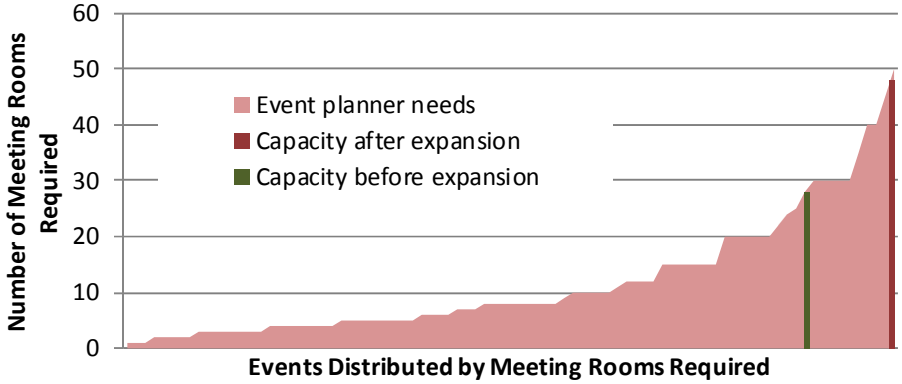
EXHIBIT SPACE REQUIREMENTS FOR EXHIBIT EVENTS



BANQUET SEATING REQUIREMENTS FOR ALL EVENTS



MEETING ROOM REQUIREMENTS FOR ALL EVENTS



Building Concept Plans

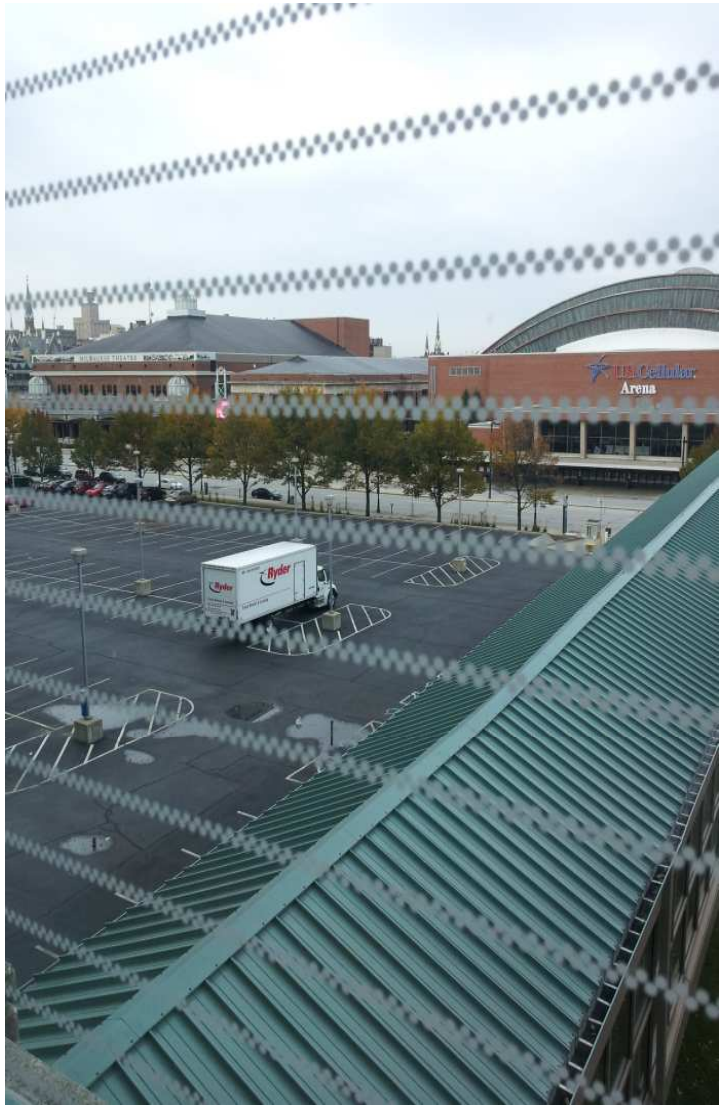
A leading architectural firm in the planning and design of convention centers—tvsdesign, translated the HVS program recommendations into a concept plan that shows how the recommendations could be implemented on the Wisconsin Center expansion site.

In addition to programming the recommended function spaces, tvsdesign considered all the necessary support spaces including: pre-function areas, pedestrian horizontal and vertical circulation, service areas, mechanical and electrical spaces, vehicular access, drop-off areas, truck loading access, and parking.

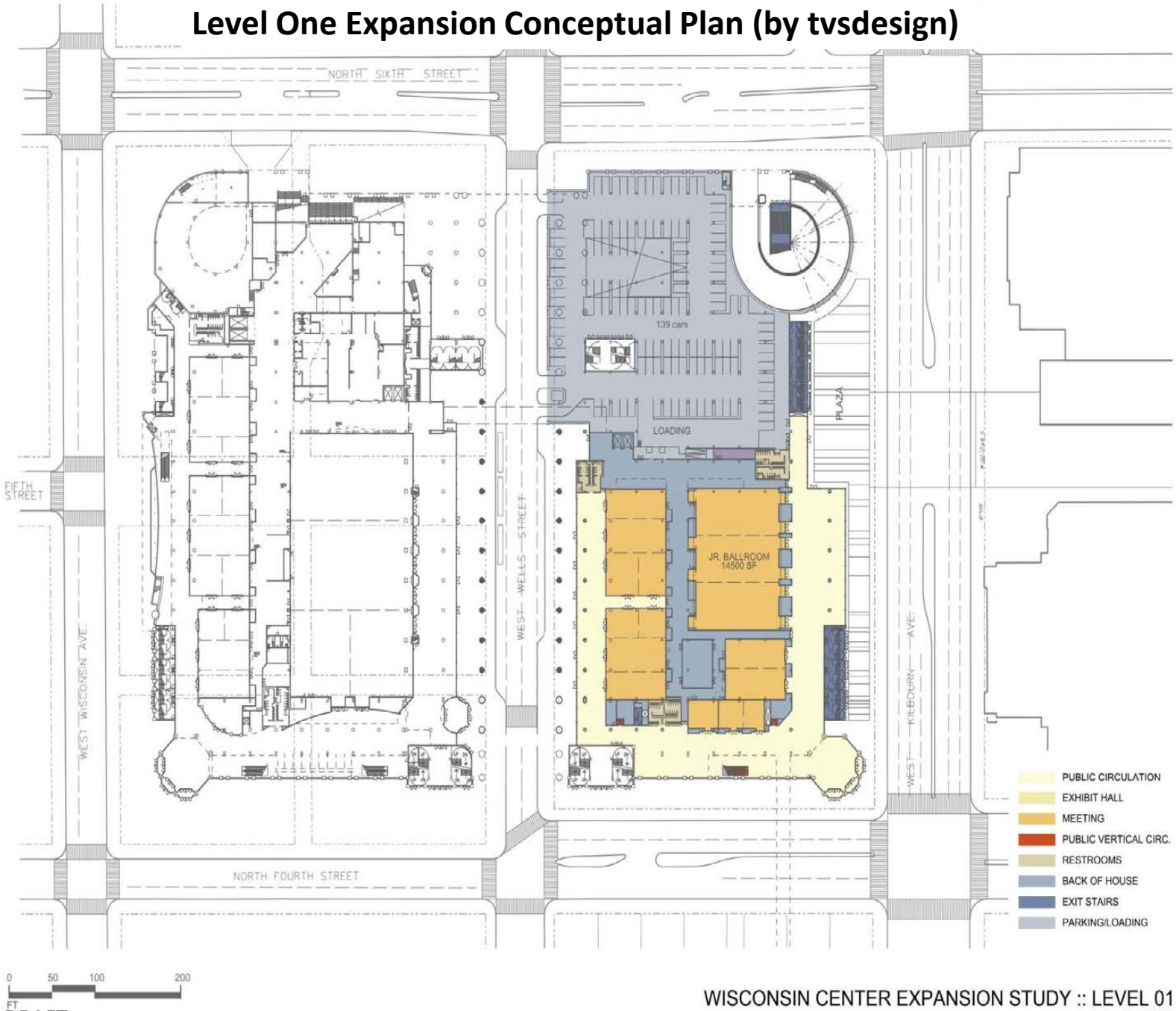
The concept plan provides for a seamless continuation of the existing building with the exhibition hall on the third level, meeting rooms on the second level, and new banquet and meeting space on the first level. With new drop-off areas on Kilbourn Avenue, the new space could operate in combination with existing space or independently from the rest of the building and thereby enhance the Wisconsin Center's ability to host larger events that use the entire building or smaller events that could simultaneously use separate parts of the building.

The figures on the following three pages illustrate each level of the proposed expansion plan.

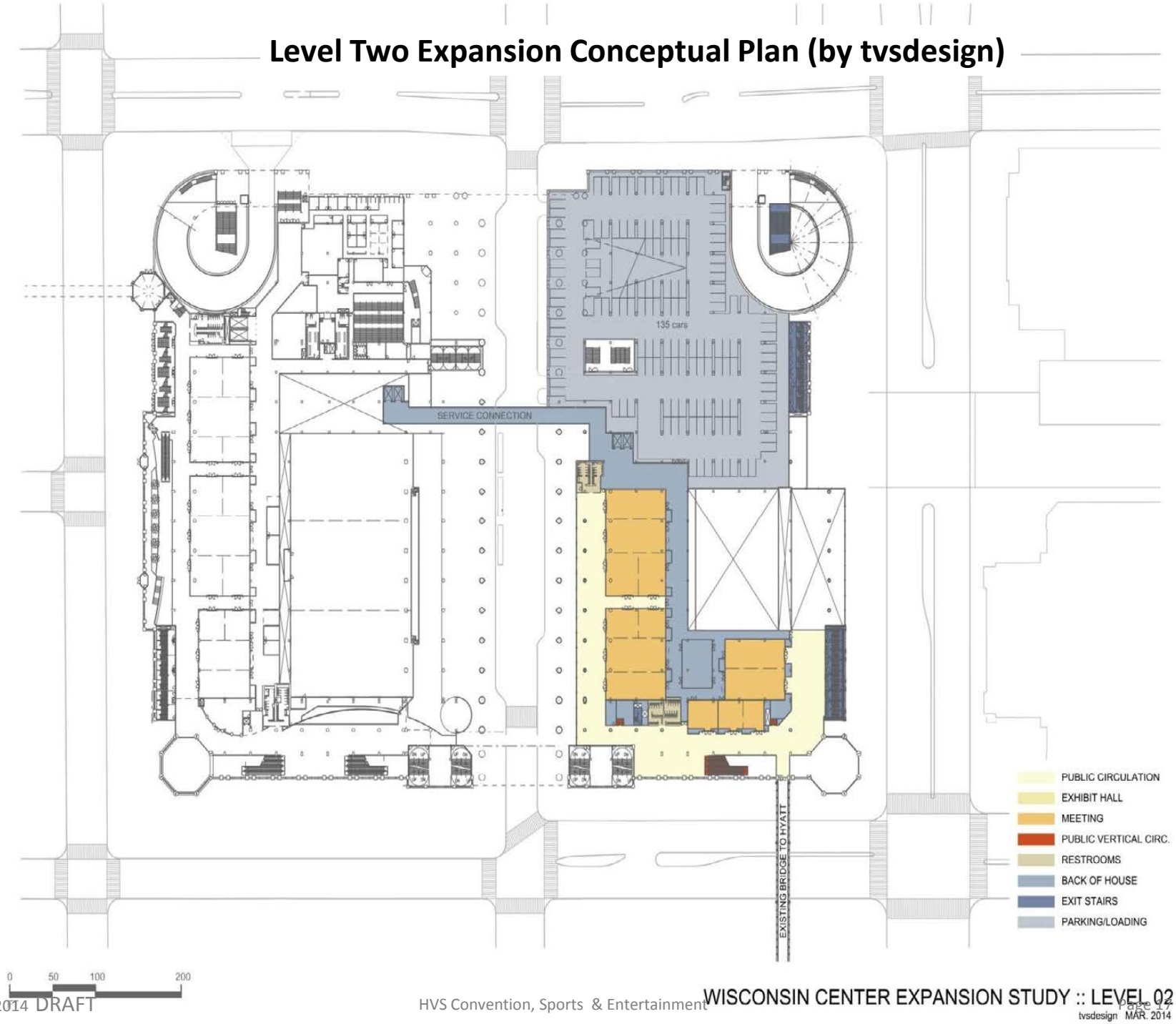
Expansion Site



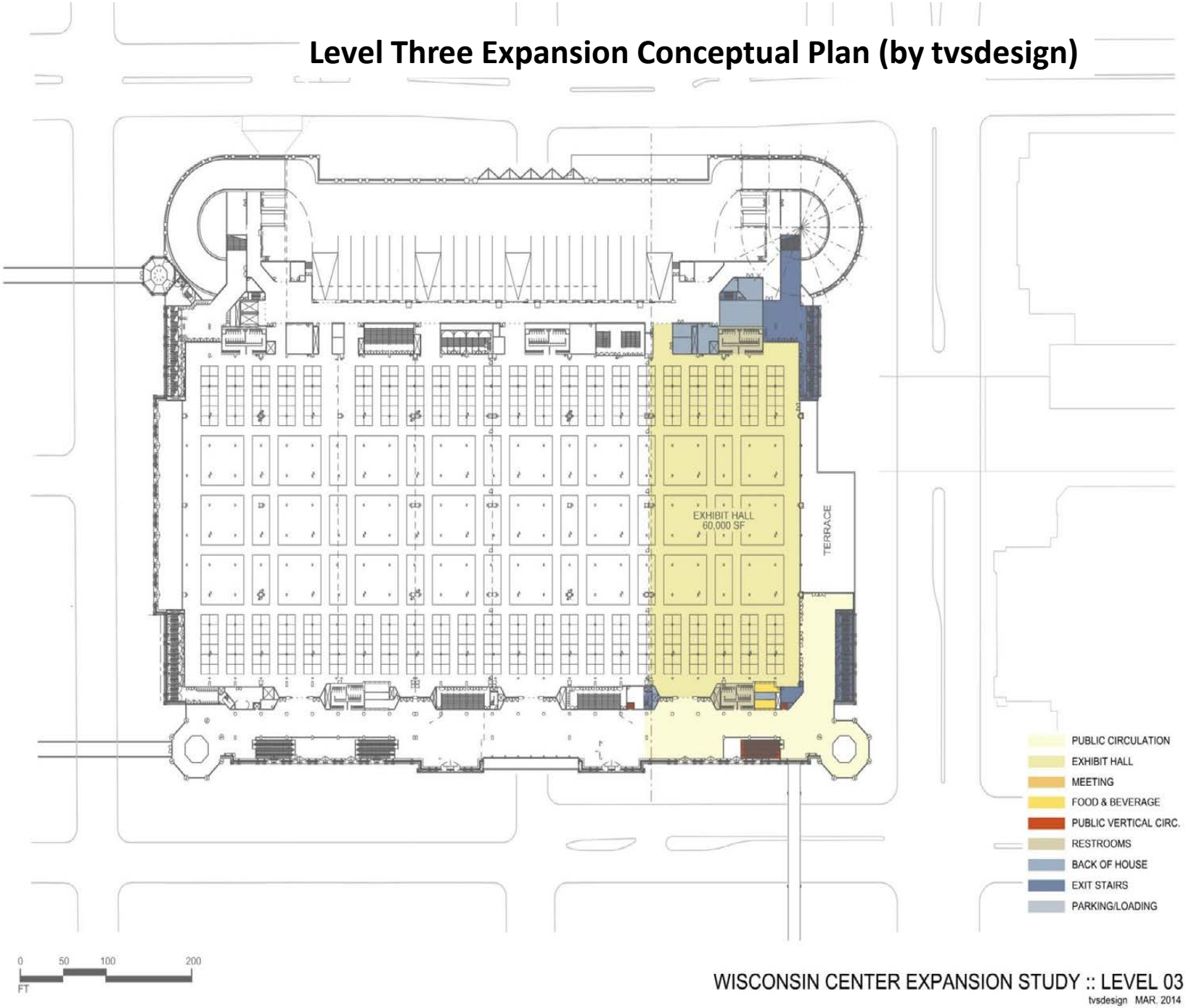
Level One Expansion Conceptual Plan (by tvsdesign)



Level Two Expansion Conceptual Plan (by tvsdesign)



Level Three Expansion Conceptual Plan (by tvsdesign)



Downtown Entertainment District Development

Destination appeal is a critical factor in event planner choice. In a highly competitive convention center industry in which most cities offer convention center comparable venues, facility improvement alone does not create a competitive advantage. The previously discussed survey demonstrates that event planners are highly motivated to maximize attendance and choose destinations with this goal in mind. The vitality of the neighborhood surrounding a convention center creates destination appeal. San Antonio, Nashville, and Indianapolis are examples of cities that have successfully created attractive downtown environments and, as a result, experience a high degree of success in the convention industry. These downtown neighborhoods also serve as a hub of sports and entertainment activities for local area residents.

The Wisconsin Center and a new events center, which would replace the Bradley Center, could serve as anchors to a mixed-use entertainment district in downtown Milwaukee. This district could attract private investment with the inclusion of residential, commercial, and retail development. This mixed-use district could become a hub for entertainment activity in Milwaukee used by residents and visitors alike.

The figures on the right show examples of downtown entertainment districts in other cities. The figure on the following page shows a preliminary master plan idea for a convention and entertainment district in Milwaukee.

Top: The American Airlines Arena at Victory Plaza in Dallas. Middle: Indiana Convention Center and Lucan Oil Stadium. Bottom: San Antonio River Walk adjacent to the Henry B. Gonzalez Convention Center

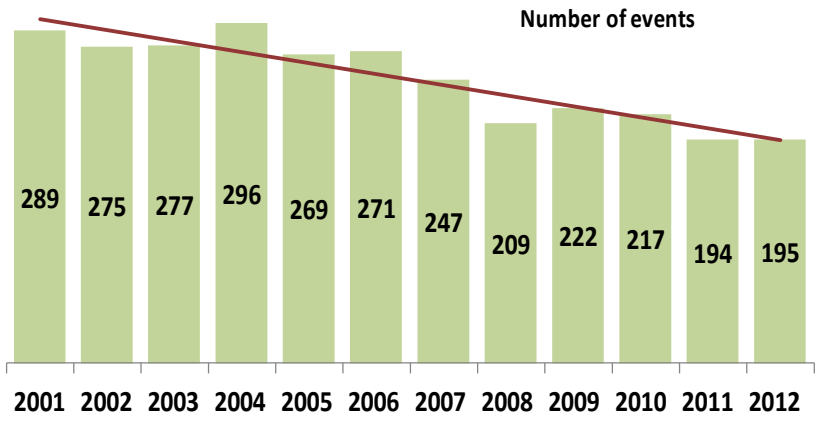
Master Plan of Convention Center District (by tvsdesign)

Wisconsin Center Historical Demand

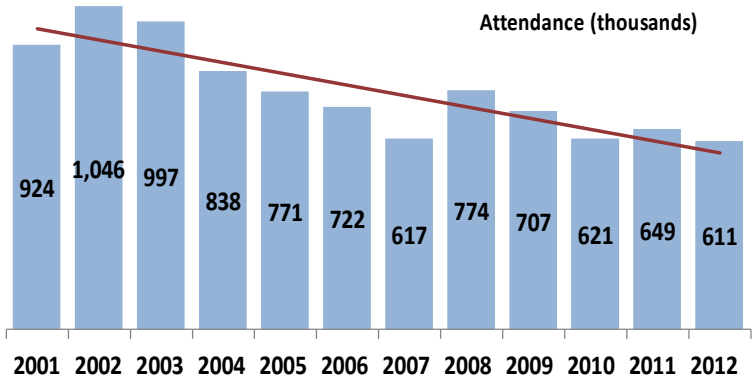
HVS analyzed historical trends in events and attendance at the Wisconsin Center. The Wisconsin Center District provided HVS with a summary of the Wisconsin Center's historical demand for calendar years 2001 through 2012. The figures on the right present the total event and attendance history at the Wisconsin Center for this period.

Both the number of events and the total attendance at the Wisconsin Center have declined over the past decade. Once peaking at over 300 events and one million annual attendees, the venue currently hosts approximately 200 events and 600,000 attendees each year. This decline is related to weak demand during the Great Recession and stronger competitive supply as cities such as Indianapolis, Nashville, and others have improved their venues and destinations.

WISCONSIN CENTER HISTORICAL EVENTS



WISCONSIN CENTER HISTORICAL ATTENDANCE



Wisconsin Center Projected Demand

Based on the event information provided by the Wisconsin Center District, HVS classified event types into standard event categories to allow comparisons with other venues. The following figures provide detailed event and attendance data for the three most recent years of operation. The Wisconsin Center's demand profile consists of a variety of exhibit-based events, meetings, and banquets. These events, which primarily use the Wisconsin Center's exhibit, banquet, and meeting space, make up approximately 60 percent of events and 50 percent of annual attendees. Sports, entertainment, and assembly events, which primarily use the U.S. Cellular Arena and Milwaukee Theater, make up the remaining 40 percent of events and 50 percent of annual attendees.

HVS estimated future performance under expansion and "do-nothing" scenarios. Under the no expansion scenario, the Wisconsin Center's participation in the national convention market would continue to decline. Under the expansion scenario the Wisconsin Center would expand the number of trade shows, conventions, and other group business from national corporations and associations. Likewise, demand from state associations, local corporations, and other groups would grow through more simultaneous use of the building.

The figure on the right compares demand under the expansion and do-nothing scenarios during a stabilized year of future operations.

DEMAND PROJECTION IN A STABILIZED YEAR

	No Expansion	Expansion	Change
Events			
Conventions	12	18	6
Tradeshows	9	13	4
Consumer Shows/Fairs	7	12	5
Conferences	23	35	12
Meetings	19	28	9
Banquets	14	22	8
Assemblies	25	25	-
Exhibit Hall Sports	8	12	4
Concerts & Entertainment	25	25	-
Arena Sports	28	28	-
Other	2	2	-
Total	172	220	48
Total Attendance			
Conventions	26,000	41,000	15,000
Tradeshows	16,000	24,000	8,000
Consumer Shows/Fairs	111,000	191,000	80,000
Conferences	20,000	35,000	15,000
Meetings	9,000	13,000	4,000
Banquets	14,000	22,000	8,000
Assemblies	92,000	92,000	-
Exhibit Hall Sports	27,000	42,000	15,000
Concerts & Entertainment	156,000	156,000	-
Arena Sports	79,000	79,000	-
Other	6,000	6,000	-
Total	556,000	701,000	145,000

New Room Night Generation

The expanded Wisconsin Center would result in a greater number of higher impact conventions and trade shows in Milwaukee. Larger conventions and trade shows would bring a greater number of out-of-town visitors who require lodging. Meetings, conferences, and sporting events would similarly bring a greater percentage of attendees from outside the local market. The following figure compares projected room nights for a stabilized year of demand expansion to the projected room nights for this same year with no expansion to the Wisconsin Center.

ROOM NIGHT PROJECTIONS IN A STABILIZED YEAR

	No Expansion	Expansion	Change
Events			
Conventions	36,000	63,000	27,000
Tradeshows	13,000	23,500	10,500
Consumer Shows/Fairs	4,000	6,400	2,400
Conferences	19,000	37,100	18,100
Meetings	4,000	6,900	2,900
Banquets	-	600	600
Assemblies	5,000	4,600	(400)
Exhibit Hall Sports	8,000	12,000	4,000
Concerts & Entertainment	2,000	2,300	300
Arena Sports	2,000	2,300	300
Total	93,000	158,700	65,700

Estimated Financial Operations ($ millions in a stabilized year - 2022)

WISCONSIN CENTER EXPANSION SCENARIO

The expanded Wisconsin Center would increase food and beverage and rental revenues as the venue could attract more and larger events. As cost would increase along with the new activity in the building, the venue would continue to operate at roughly the same level of subsidy.

OPERATING PRO FORMA - EXPANSION SCENARIO

OPERATING REVENUE	
Facility Rental	$5.4
Event Services (Gross)	5.0
Food & Beverage (Net)	4.4
Parking (Net)	0.9
Adverstising & Sponsorships	2.1
Box Office	0.7
Other Revenue	1.4
OPERATING EXPENSES	
Salaries & Benefits	($11.9)
Event Services Costs	(1.8)
Contractual Services	(0.2)
Repair & Maintenance	(2.0)
Administrative & General	(0.2)
Marketing & Sales	(0.2)
Insurance	(0.8)
Utilities	(3.2)
Other Expense	(1.7)
OPERATING INCOME (LOSS)	($2.2)

"DO-NOTHING" SCENARIO

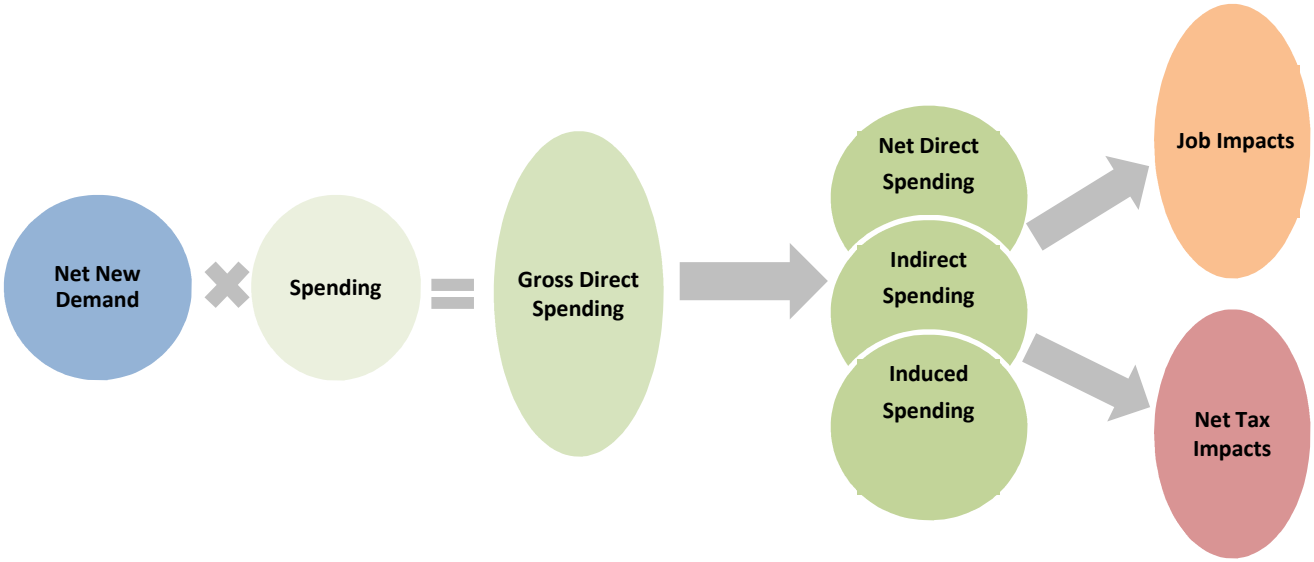
Without expansion of the Wisconsin Center, HVS projects that demand and attendance would continue to decline due to increased competition from competing markets across the U.S. Falling rental and food and beverage revenues would lead to a greater subsidy to maintain the venue's current operation.

OPERATING PRO FORMA - "DO NOTHING" SCENARIO

OPERATING REVENUE	
Facility Rental	$3.4
Event Services (Gross)	3.1
Food & Beverage (Net)	3.0
Parking (Net)	0.7
Adverstising & Sponsorships	2.1
Box Office	0.7
Other Revenue	1.4
OPERATING EXPENSES	
Salaries & Benefits	($11.4)
Event Services Costs	(1.1)
Contractual Services	(0.1)
Repair & Maintenance	(1.6)
Administrative & General	(0.2)
Marketing & Sales	(0.2)
Insurance	(0.7)
Utilities	(2.4)
Other Expense	(1.4)
OPERATING INCOME (LOSS)	($4.9)

Economic and Fiscal Impact Analysis Process

The Wisconsin Center generates economic impact by attracting new visitors and importing their spending or new income into the local economy. Public investment in the expansion project would increase the Wisconsin Center's economic impact by increasing use of the venue and attracting visitors that would not otherwise come to Milwaukee. To measure this impact HVS calculated net new demand—the difference between event and attendance in the do-nothing and expansion scenarios. See the figure below.



Multiplying the new demand by the amounts of spending per visitor or attendee generated gross direct spending estimates. Gross direct spending provides the inputs into the IMPLAN model of the local area economics. IMPLAN then generates estimates of total net spending. Spending falls into three categories: net direct spending, indirect spending, and induced spending. Many refer to indirect and induced impacts as multiplier effects. The sum of direct, indirect, and induced spending estimates make up the total estimated spending impact of Wisconsin Center's operations. HVS used the IMPLAN model to estimate the increase in employment associated with the total net spending.

ANNUAL RECURRING ECONOMIC IMPACT (IN 2014 DOLLARS)

HVS estimated gross direct spending from five sources: 1) overnight visitors, 2) day-trip visitors, 3) exhibitors, 4) event organizers, and 5) new spending at the proposed venue. Spending parameters are based on a national survey of convention related spending adjusted for inflation and the relative travel costs in Milwaukee. Gross direct spending provides the input into an economic model that generates estimates of net direct, indirect, and induced spending. HSV projected impacts and jobs for four geographic market areas: 1) the City of Milwaukee, 2) Milwaukee County, 3) the Milwaukee SMSA, and 4) the State of Wisconsin.

Gross Direct Spending	
City of Milwaukee	$46.7 million
Milwaukee County	$42.7 million
Milwaukee SMSA	$36.7 million
State of Wisconsin	$18.1 million

IMPLAN

HVS also used the IMPLAN model to calculate the number of permanent full-time equivalent jobs the project would create.

Impact ($ millions)	City of Milwaukee	Milwaukee County	Milwaukee SMSA	State of Wisconsin
Spending Estimates				
Net Direct	$42.0	$38.0	$34.2	$16.8
Indirect	10.6	9.6	$12.7	$6.3
Induced	10.9	10.5	$13.6	$6.1
Total	$63.5	$58.1	$60.4	$29.2
Total Permanent Jobs	**644**	**595**	**577**	**286**

The proposed capital investment in the renovation and expansion of the Wisconsin Center would most likely be repaid over a 20- to 30-year period that coincides with the useful life of the asset. As a point of comparison with the capital investment, HVS calculated the present value of the net spending that it would generate over a 20-year period. We assumed a five percent discount rate that approximates weighted cost of public sector capital. The figure below shows the present value of spending for the City of Milwaukee and Milwaukee County.

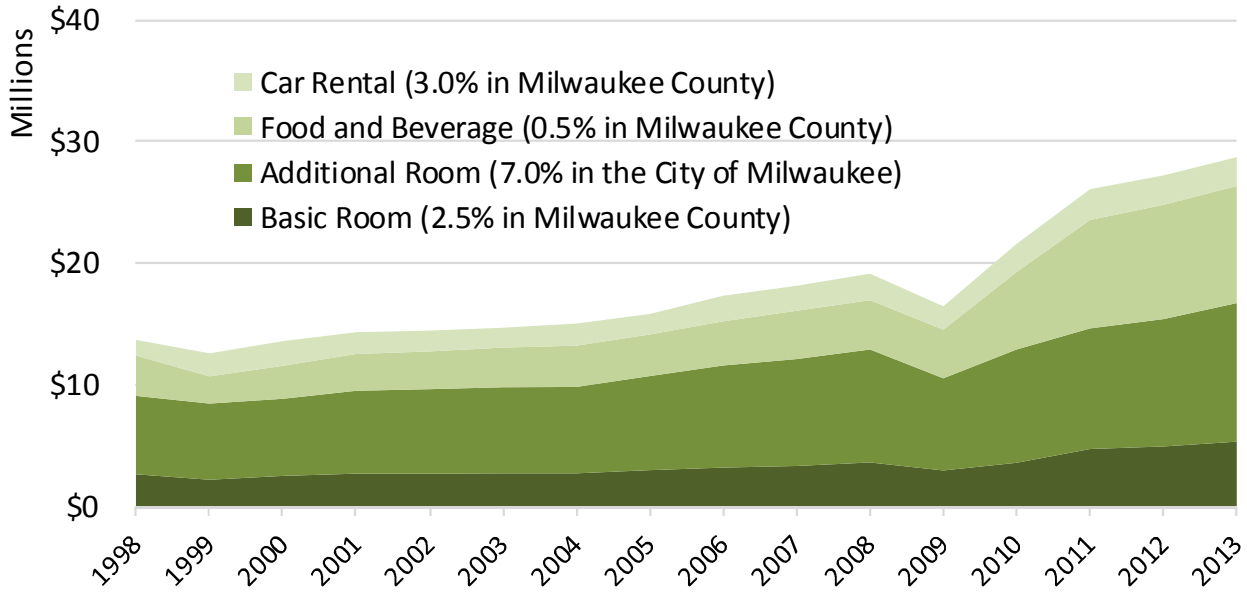
PRESENT VALUE OF NET SPENDING*

	$ Millions
City of Milwaukee	$747
Milwaukee County	$684
Milwaukee SMSA	$608
State of Wisconsin	$344

*Stated in constant 2014 dollars.

EXISTING DISTRICT TAXES

The Wisconsin Center District (WCD) currently collects revenue from four taxes: 1) a Basic Room Tax of 2.5% in Milwaukee County, 2) an Additional Room Tax of 7.0% in the City of Milwaukee, 3) a 0.5% Food and Beverage tax in Milwaukee County (for food consumed on premise), and 4) a 3.0% Car Rental Tax in Milwaukee County. The revenue from these taxes are pledged to debt service. The amount remaining after the payment is used to fund the marketing efforts of Visit Milwaukee and the net operating loss from WCD operations. The figure below shows the history of WCD gross tax collections from 1998 through 2013 from which the state takes a 2.55% administrative fee for collection of the taxes.

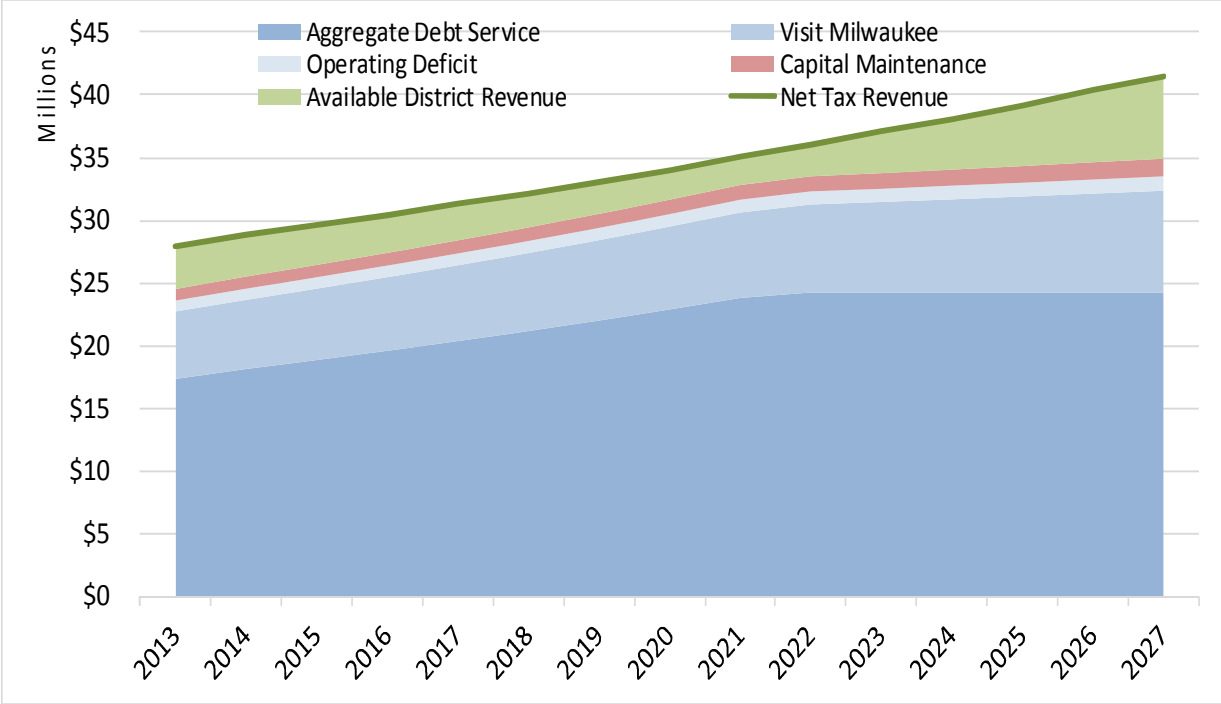


During the recession in 2008 and 2009, revenues fell dramatically. In response, the WCD raised certain tax rates. The Food and Beverage Tax rate increased from 0.25% to 0.50% in 2010. The Basic Room Tax rate increased from 2.0% to 2.5% in 2011 and its maximum rate is 3.0%. The Car Rental Tax maximum rate is 4.0%. Food and Beverage Tax and the Additional Room Tax are at their maximum rate.

Financing the Project

As shown in the figure below, debt service, payments to Visit Milwaukee for marketing and sales, and the Wisconsin Center operating deficit use nearly all available tax revenue. The WCD does not have sufficient excess capacity to additional debt services. Clearly, new sources of revenue will be necessary to finance the proposed expansion.

Future Expenses and Debt Service vs. Estimated Revenues



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