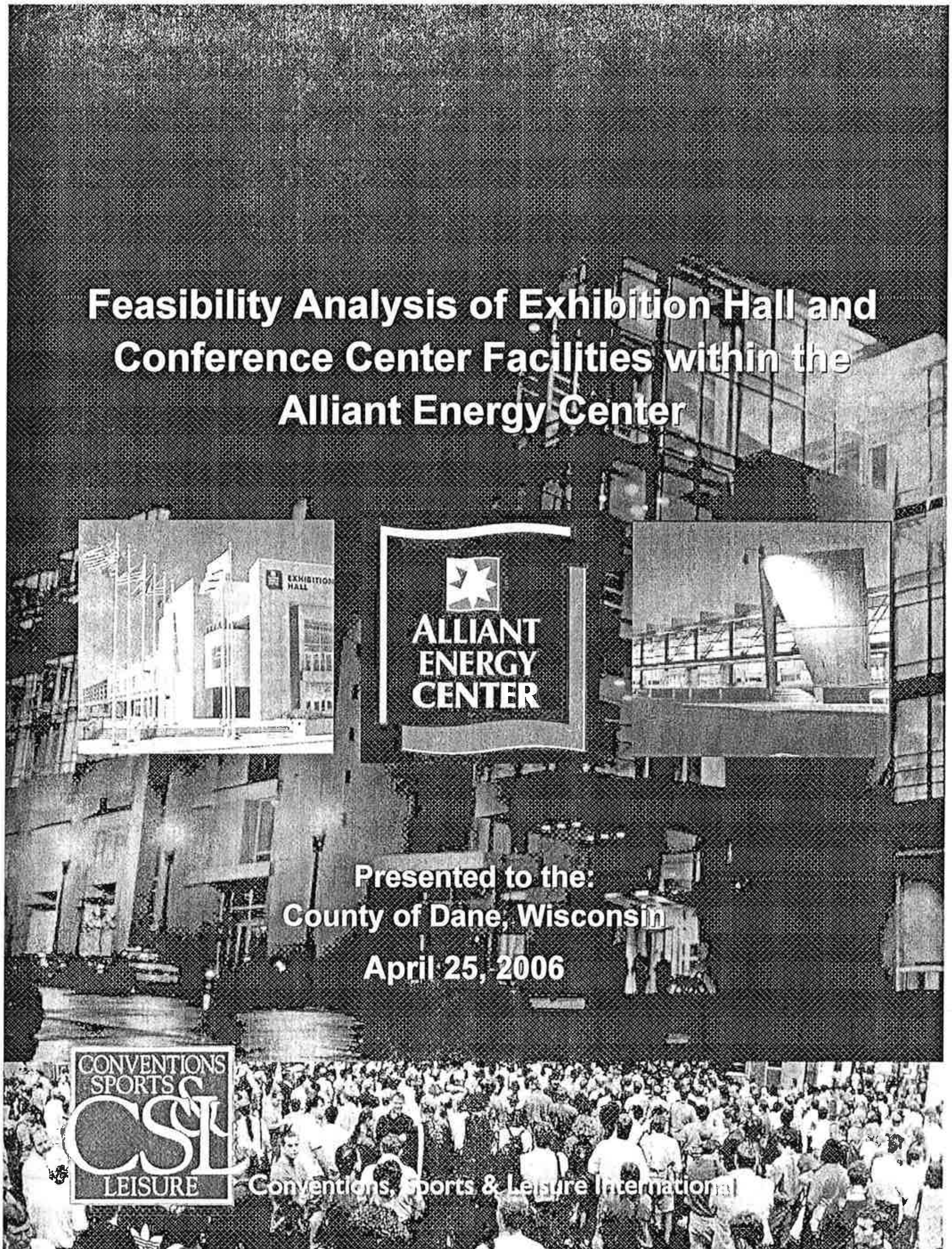
Feasibility Analysis of Exhibition Hall and Conference Center Facilities within the Alliant Energy Center



Presented to the:
County of Dane, Wisconsin

April 25, 2006

Conventions, Sports & Leisure International

April 25, 2006

Mr. Bill DiCarlo
Executive Director
Alliant Energy Center
1919 Alliant Energy Center Way
Madison, Wisconsin 53713

Dear Mr. DiCarlo:

We have completed the market, financial, economic and fiscal impact analysis with regard to the proposed expansion of the Alliant Energy Center's Exhibition Hall and Conference Center facilities. The goal of these services is to provide Dane County officials and other involved parties with information that will allow for an appropriate evaluation of potential Center expansion and associated financial, economic and fiscal impacts.

The analysis presented in this report is based on estimates, assumptions and other information developed from industry research, market data provided by the County and the Madison Convention and Visitors Bureau, surveys of past, current and potential facility users and analysis of competitive and comparable markets and facilities. The sources of information, the methods employed and the basis of significant estimates and assumptions are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

The findings presented herein are based on analysis of present and near-term conditions in the Madison area, as well as existing interest levels by the Center's potential base of users. As in all studies of this type, the estimated results are based on continued competent and efficient management of the existing and potential facilities and assume that no significant changes in the event, visitor or related markets will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct. All primary research performed for this study was completed by March 2006.

Conventions, Sports & Leisure International
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This report has been prepared for the internal use of project representatives and should not be relied on by any other party. The report has been structured to assist project representatives in evaluating potential market, financial, economic and fiscal viability of expanded Exhibition Hall and Conference Center facilities and should not be used for any other purpose.

We sincerely appreciate the assistance and cooperation we have been provided in the compilation of this report and would be pleased to be of further assistance in the interpretation and application of our findings.

Very truly yours,

CSL International

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I. Introduction

Conventions, Sports and Leisure International ("CSL") was engaged by Dane County ("County") to conduct a market and financial feasibility study regarding the proposed expansion of Alliant Energy Center's ("Center") Exhibition Hall and Conference Center facilities. The primary focus of the research contained herein relates to an evaluation of market demand from convention, tradeshow, public/consumer show, athletic and other related event sectors. The level of event demand unique to Madison is then used to assess potential future event levels and resulting building program options, financial, economic and fiscal issues.

The study process consisted of detailed research and analysis, including:

- ✓ Local market visit and site tours.
- ✓ In-person interviews/meetings with facility management, local project stakeholders and visitor industry representatives.
- ✓ Review of historical Center operating data (event levels and mix, facility occupancy, event seasonality, financial operations, etc.).
- ✓ Research and analysis of local market conditions and national and regional trends.
- ✓ Analysis of facility data from a total of 17 identified competitive and comparable facilities.
- ✓ Interviews with facility management and convention and visitors bureau staff in competitive and comparable markets.
- ✓ Comparative analysis of socioeconomic data from competitive and comparable markets.
- ✓ More than 160 completed interviews with past, current and potential Center users.
- ✓ Analysis of potential future event levels and related financial operations of the Center under several potential building program scenarios.
- ✓ Analysis of estimated economic and fiscal impacts of the Center under several potential building program scenarios.

This report consists of the following primary analysis sections:

- *Historical Operations Analysis* – provides a comprehensive review of utilization levels, event mix and other such recent operational characteristics of the facility. This detail is important in providing a basis from which to evaluate potential unmet demand for event space in the market.

- *Local Market Conditions Analysis* – presents analysis of local socioeconomic attributes and hospitality infrastructure, focusing on hotels, restaurants, entertainment and other such factors.

- *Analysis of Competitive and Comparable Markets and Facilities* – provides a comparison of various physical characteristics and resources of 17 competitive and comparable facilities and their host cities. For purposes of this analysis, we have focused on both national and regional facilities.

- *Market Demand Analysis* – provides the results of a detailed survey analysis of national, regional and local event planners representing past, current and potential event activity for expanded Exhibition Hall and Conference facilities within the Alliant Energy Center.

- *Building Program, Event Level & Financial Operations Analysis* – presents an analysis of the level of exhibition, meeting and ballroom space as well as the other key requirements necessary to accommodate potential market demand in Madison. Additionally, potential Center event levels as well as the impact on Center financial operating results are presented for a number of building program scenarios.

- *Analysis of Economic and Fiscal Impacts* – presents an analysis of the potential economic and tax impacts that could be generated in the Madison area from an expanded Center, based on key assumptions and estimates under several facility development scenarios.

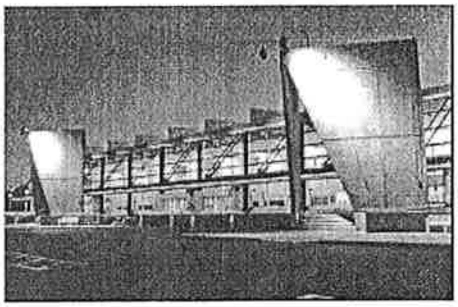
II. Historical Operations Analysis

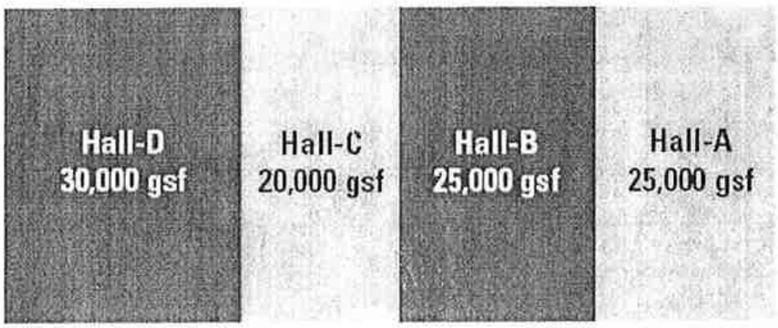
Situated on a 164-acre campus approximately 2.5 miles from downtown Madison, the Alliant Energy Center consists of a complex of public assembly facilities that are very multipurpose in nature. The following is an overview of facilities within the complex.

- Exhibition Hall and Conference Center – provides 100,000 gross square feet of clear-span, prime exhibit space, in addition to more than 20,000 square feet of sellable breakout meeting space that is divisible into as many as 14 individual rooms of varying sizes.
- Coliseum – provides flexible seating options for as many as 10,200 spectators (through a combination of 7,400 fixed and 2,800 temporary seats), as well as nearly 25,000 square feet of arena flat floor space.
- Arena – provides 20,000 square feet of flexible space suitable for athletics, tradeshows, livestock events and other functions. The Arena also features bleacher seating for up to 300 people, lobby, show office and concession space.
- Livestock and Agricultural Facilities – a total of 11 free-standing facilities are dedicated to the hosting of livestock and agricultural events. Many of these facilities integrate state-of-the-industry equipment and amenities necessary to host a wide variety of industry events.
- Willow Island – provides 29 acres of outdoor green space suitable for concerts, festivals, sporting events, private parties and other special events.

For purposes of our study, we have concentrated our analysis on the Alliant Energy Center's Exhibition Hall and Conference Center facilities.

The Alliant Energy Center's Exhibition Hall opened in 1995 at a cost of approximately 27.8 million (including $1 million used for initial planning). Combined, the Exhibition Hall and attached Conference Center provide approximately 100,000 gross square feet of prime exhibit space, in addition to 20,000 square feet of meeting space that is divisible into as many as 14 individual rooms of varying sizes. Other facility offerings include 30,000 square feet of lobby/pre-function/registration space, a full-service kitchen area, a secured loading dock area spanning 75,000 gross square feet and a climate-controlled walkway to the adjacent 140-room, full-service Clarion Suites Hotel. In addition to these amenities, the complex also provides on-site, surface level paved parking for as many as 5,800 vehicles (through a total of five surrounding lots).

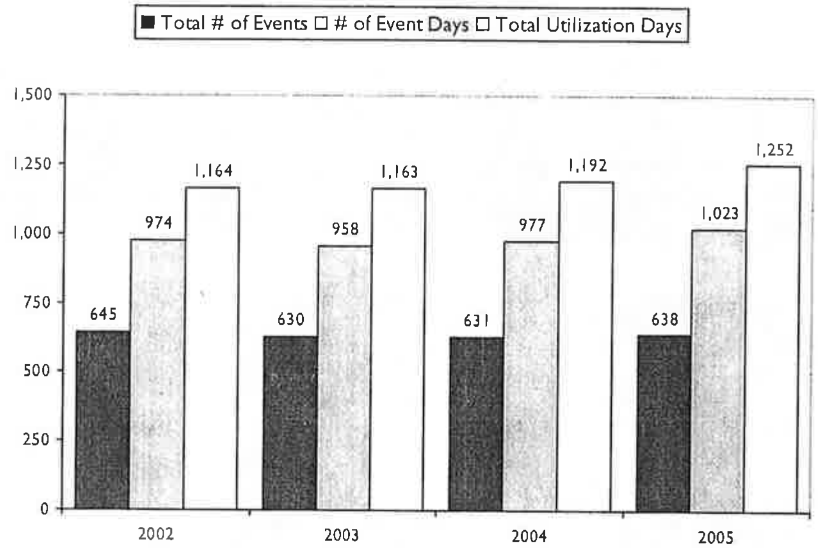




Since its completion, the Exhibition Hall has hosted a variety of events, including public/consumer shows, conventions, tradeshows, food and beverage functions, sporting events, meetings, conferences, private parties, concerts, family shows and a wide variety of other events. The purpose of this section is to inventory and analyze the historical operations of the Center. Understanding utilization levels, event mix and other such characteristics of the facility is important to provide a basis from which to evaluate potential unmet demand for event space in the market.

We begin with a review of recent event activity among all facilities within the entire Alliant Energy Center complex. Exhibit II-1 presents a summary of all event activity at the complex for the four year-period spanning 2002 through 2005. Data is presented in terms of total number of events, number of event days and total facility utilization days (inclusive of move-in, event and move-out days) for each of the four years.

Exhibit II-1
Summary of AEC Event Activity (All Events) – 2002 - 2005



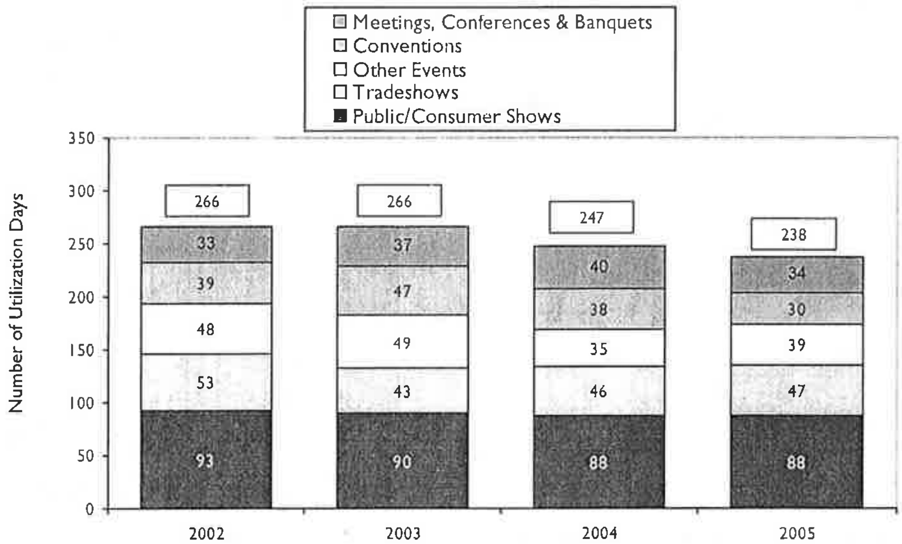
Source: facility management, 2006

As shown, the facilities comprising the Alliant Energy Center have played host to between 630 and 645 events each of the past four years. Facilities within the complex have experienced growth all three of the reviewed measures each of the past three years. While the Center experienced highs in terms of both event days (1,023) and utilization days (1,252) in 2005, it is interesting to note the relative lack of variance between the years reviewed. This overall level of consistency provides some indication of a mature product and/or potential space limitations with respect to the facility, hotel and related features of the Center.

As the primary focus of this analysis relates to the Alliant Energy Center's Exhibition Hall, in an effort to further characterize the event mix of the Hall, Exhibit II-2 presents a summary of facility utilization days (including move-in, event and move-out days) among all events utilizing the Exhibition Hall over the past four years. For purposes of this analysis, we have analyzed event data among five types of events:

- Meetings, Conferences and Banquets
- Conventions
- Other Events
- Tradeshows
- Public/Consumer Shows

Exhibit II-2
Exhibition Hall Utilization Days by Event Type – 2002 - 2005 (1)

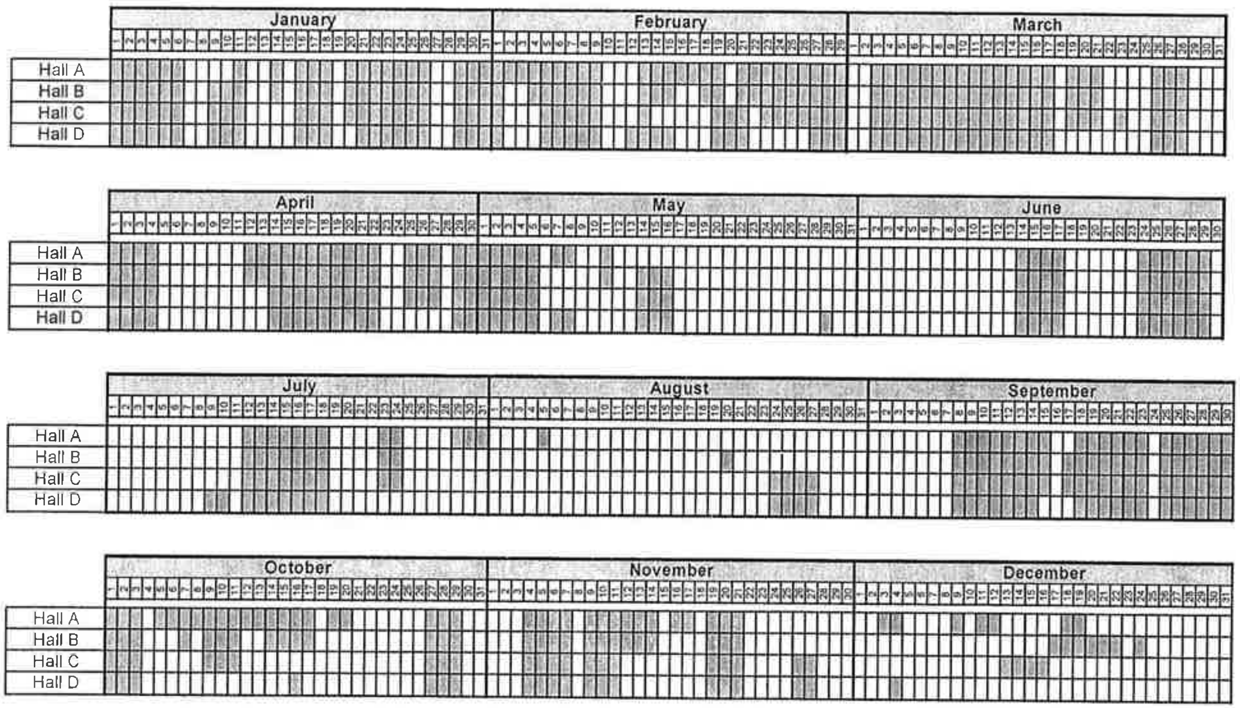


(1) Figures only include events utilizing exhibit space.
Source: facility management, 2006

As shown, the analysis of recent year Exhibition Hall utilization levels highlights a level of core, exhibit space-using business that has decreased somewhat over the past four years. In 2005, events held within the Exhibition Hall generated a total of 238 utilization days, down from totals of 266 in both 2002 and 2003. Clearly public/consumer shows represent a significant source of facility activity, generating an average of approximately 90 utilization days each year, more than any other identified event type each of the past four years. In 2005, the Hall was occupied for a total of 47 days for tradeshow events, an increase of nearly ten percent from two years prior. While the number of facility utilization days generated among conventions, meetings, conferences and banquets hosted at the Center has decreased slightly in recent years, activity among tradeshows and other events increased in 2005 when compared to 2004. Based on conversations with facility management, current bookings for 2006 appear strong and resulting facility utilization levels are expected to meet or exceed 2005 measures.

In addition to the quantity of event activity occurring at the Exhibition Hall, it is also important to consider *when* this activity takes place (referred to as "usage seasonality"). Event facilities of this type often experience "clustered" usage seasonality patterns, focusing around several periods when the majority of events tend to occur. Exhibit II-3 presents a graphical illustration of the usage seasonality of the Exhibition Hall in an average year (assumed in this case to represent 2004 operations), isolated by each of the four individual Exhibition Halls (A through D).

Exhibit II-3
Exhibition Hall Usage Seasonality - 2004



Note: Shaded portions reflect days in which a particular hall was occupied.

As shown above, there are several characteristics of this calendar that are important to address:

- It is first useful to evaluate the number of times during a year that the Center could offer sizable amounts of exhibit space for a period of several days. For example, based on past event characteristics, a typical convention or tradeshow event may generate as many as five facility utilization days, while occupying an average of three halls each day.
- There were four months in 2004 where no five-day blocks during which all halls were available for additional events.
- Throughout the entire year, there were 21 five-day blocks of space whereby all halls were available for additional events and much of this space was during traditionally slow periods in the public assembly facility industry.
- Throughout the first five months of the year, there is only one period of at least five days or more that is open for all halls.
- During mid-May through mid-June, significant capacity is available.

- During late-July through early September the facility is seldom occupied.
- The Center experiences scattered demand in October and November; however, it is still difficult to secure a five-day block for all halls (two available such blocks).
- The Center experiences light demand in December.
- August offered four five-day blocks of space for all halls.
- In nearly all cases, public/consumer shows require weekend dates (Friday through Sunday). Throughout 2004, there were a total of 13 weekends during which at least three halls were available and eight weekends with all four halls available.

This data has important implications moving forward through the remainder of the analysis, as a lack of "gaps" in the calendar indicates that development of additional facility space may be necessary to accommodate new events *concurrent to existing events* during peak demand periods. This demand needs to be balanced against the excess capacity during slower periods. Additional discussion concerning these issues will be presented in subsequent chapters of this report.

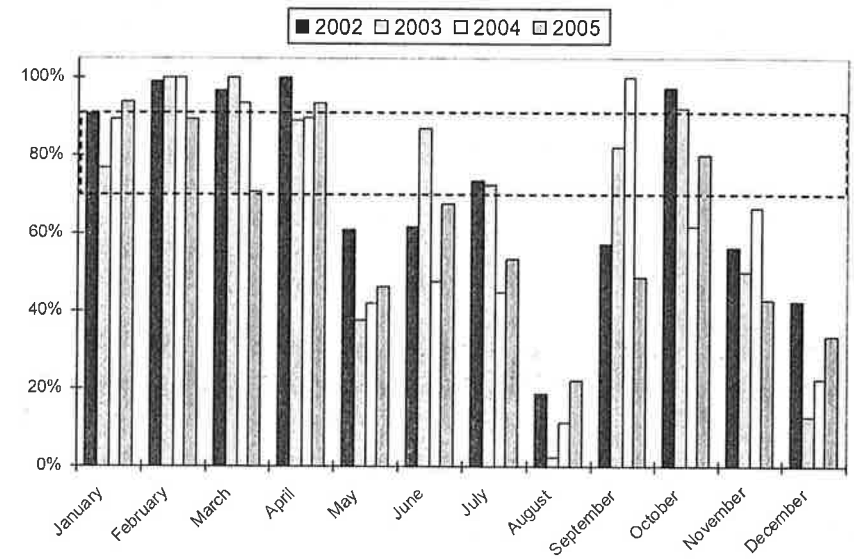
Occupancy levels, measured by square footage used within specific building areas, can indicate the degree to which usage of the facility is maximized. It is also useful to measure exhibit space occupancy among the various event segments, to identify what types of activity are generating the most square footage of facility use. To do so, the Exhibition Hall's total sellable capacity is determined by multiplying the total primary exhibit space of a facility by 365 days and then multiplying the resulting figure by 70 percent. The 70 percent adjustment factor accounts for the reality that a portion of the facility's total capacity is un-sellable due to holidays, maintenance days and inherent booking inefficiencies that result when events cannot be scheduled immediately back-to-back.

The occupancy of a facility is determined to be within a practical maximum capacity range when the actual occupied space in a facility reaches a level of 70 to 90 percent of total sellable capacity. Below 70 percent occupancy, a facility may be holding excess capacity. Above 90 percent occupancy, a facility has reached "practical maximum capacity" and may be turning away significant business.

Rotating events typically have specific preferences and/or requirements with regard to the months in which their event(s) can occur. Likewise, many events, including public/consumer shows, conventions and tradeshows typically employ a particular rotational policy that allows the annual event to return to a specific location only after a certain period of time. In some cases, seasonality of demand can assist in understanding demand potential for multiple simultaneous events. For example, heavy demand for a particular event type during historically busy periods at a facility can highlight the need to be able to accommodate multiple simultaneous events.

To further assess seasonal occupancy patterns, we have analyzed Exhibition Hall occupancy percentages on a monthly basis. Exhibit II-4 presents a summary of historical exhibit space occupancy by month for the four year-period spanning 2002 through 2005.

Exhibit II-4
Summary of Exhibit Space Occupancy by Month – 2002 - 2005



Note: Figures based on total square footage utilized. Total square feet per exhibit area was reduced by 30 percent to better reflect total space availability.
Source: facility management, 2006

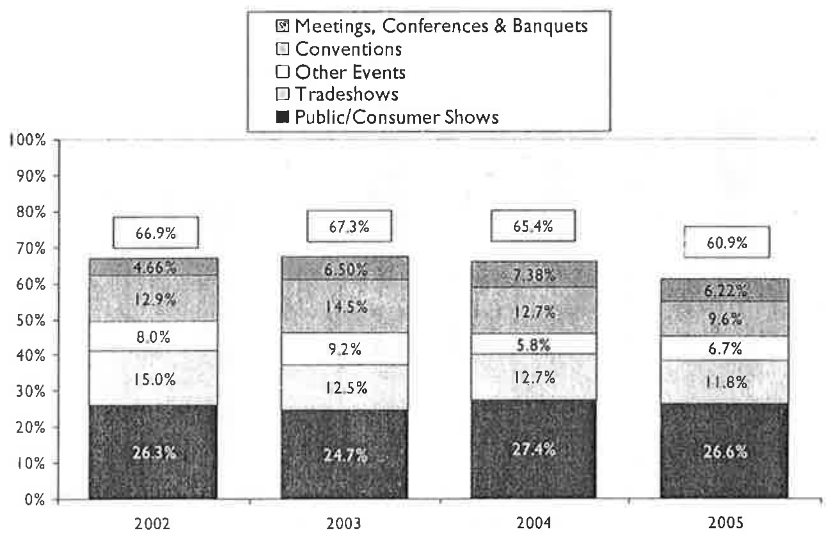
As presented, seasonal preference among groups utilizing the Exhibition Hall follow a pattern somewhat standard in the industry, particularly with regard to peak demand occurring in the winter (with public/consumer shows), spring and fall months.

The highlighted portion of the above exhibit illustrates the point at which facility occupancy is at or approaching practical maximum capacity. As shown, over the past four years, the Exhibition Hall has regularly met or exceeded 80 percent for five months out of each year, often approaching 100 percent during these periods. In fact, during the four month-period spanning January through April, exhibit space occupancy has averaged in excess of 85 percent over the past four years. During this very busy period, it is not uncommon for facility management and sales staff to turn away potential events. In contrast, August and December have generally represented the slowest periods, with facility occupancy often falling to between 15 and 30 percent. The level of unmet market demand for facilities in the destination is evaluated later in this study.

In sum, the available exhibit space appears sufficient to accommodate potential event demand throughout much of the year; however, for five to six months out of the year, a shortage of available exhibit space capacity could be limiting potential unmet exhibit space demand from both existing and potential facility users.

Exhibit II-5 presents a summary of exhibit space occupancy by event type for all events utilizing the Alliant Energy Center's Exhibition Hall for the past four years of facility operations.

Exhibit II-5
Summary of Exhibit Space Occupancy by Event Type – 2002 - 2005



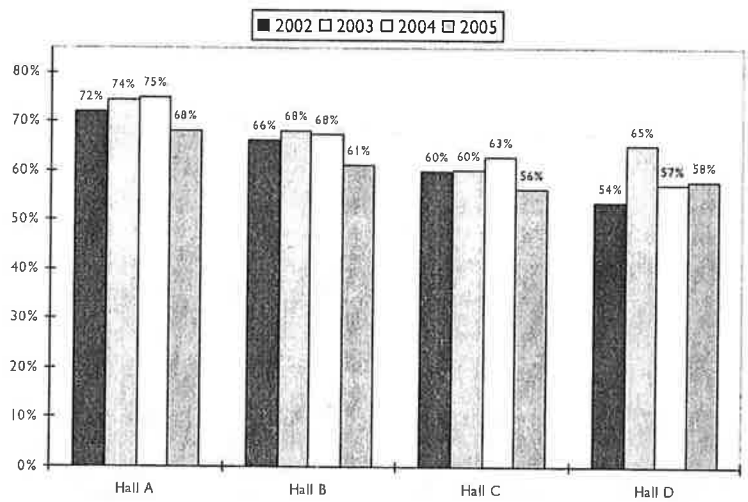
Note: Figures based on total square footage utilized. Total square feet per exhibit area was reduced by 30 percent to better reflect total space availability.
Source: facility management, 2006

When looked at from an event type perspective, between 2004 and 2005, occupancy percentages declined marginally among all but one of the identified event types—other events. Specifically, occupancy rates attributed to convention activity decreased by more than three percentage points (representing an approximate 25 percent actual decrease) to approximately 9.6 percent. Meanwhile, exhibit space occupancy among consumer/public shows, tradeshows and meetings/conferences/banquets each decreased by approximately one percentage point between 2004 and 2005. Consumer/public shows have traditionally generated the largest portion of exhibit space occupancy at the Center, ranging between 25 percent and 27 percent of total exhibit space occupancy since 2002.

Based on conversations with facility management, this decrease in exhibit space occupancy was due to in part to the cyclical nature in which events held at the Center occur (even years tend to have more events than do odd) and an increased inability to accommodate specific date requirements from some existing and potential users.

We have also measured occupancy percentages on a hall-by-hall basis. This type of data can help expose challenges in maximizing the overall use of any segment of a facility. Exhibit II-6 presents the occupancy percentages corresponding to Halls A through D at the Center from 2002 through 2005.

Exhibit II-6
Exhibit Space Square Footage Occupancy by Hall (2002 – 2005)



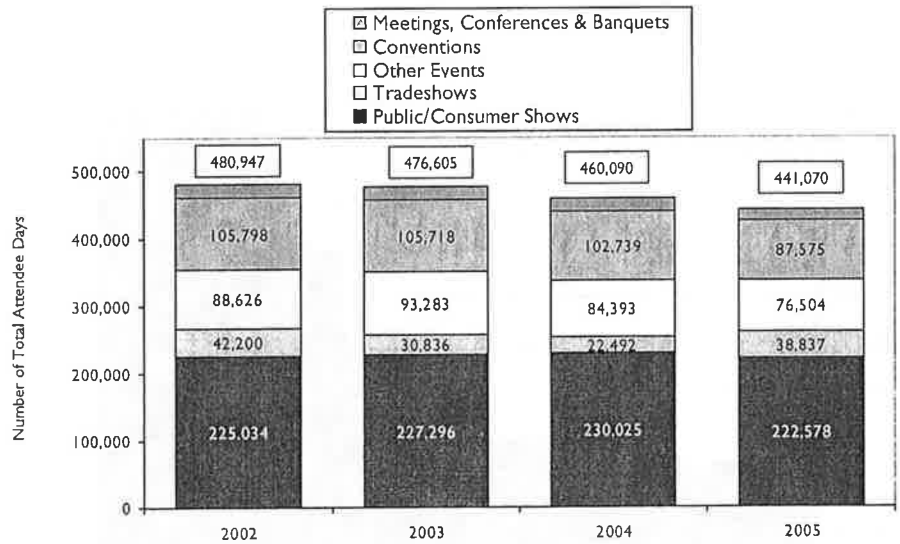
Note: Figures based on total square footage utilized. Total square feet per exhibit area was reduced by 30 percent to better reflect total space availability.
Source: facility management, 2006

Industry-wide, generally, facility occupancy is stronger toward the most accessible and central halls (i.e., Halls A and B), and drops as the distance from key meeting room and support areas increases. Not surprisingly, this is exactly the case with exhibit space at the Alliant Energy Center. More specifically, over the four-year period, Hall A has averaged approximately 72 percent overall occupancy. This compares to 66 percent for Hall B, 60 percent for Hall C and 58 percent for Hall D.

The difference of nearly 14 percent in average occupancy between Halls A and D is largely attributable to the order in which space at the Center is booked (typically Halls A and B are rented first), as well as Hall D's relative distance from key meeting and support space, which is important to many facility users. This type of data is useful in assessing the appropriate placement of any added meeting space within the Center, as discussed later in this report.

Exhibit II-7 outlines estimated total attendee days by event type among all Exhibition Hall events for the same four year-period. Figures presented represent estimated event attendance per event and do not include exhibitors and/or show staff.

Exhibit II-7
Estimated Total Attendee Days Among Exhibit Space Users (by type) – 2002 - 2005



Note: Figures reflect total show attendance and do not include exhibitors and show staff.
Source: facility management, 2006

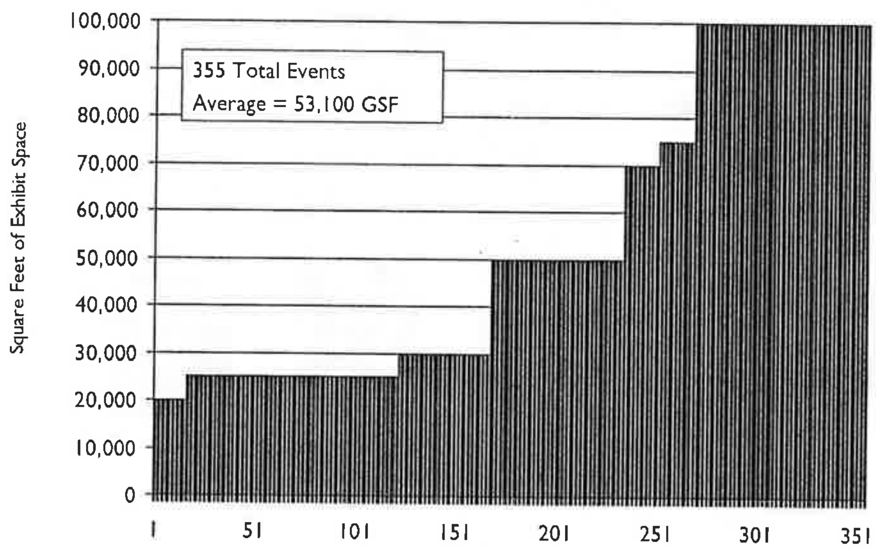
As shown, overall trends with respect to attendee days among events occupying exhibit space has slightly declined over the past few years, registering a high of nearly 481,000 in 2002 and a low of approximately 441,000 in 2005. Reasons for this decrease include declines in attendance among four of the five identified event types, with the exception of tradeshows. The most noticeable decrease in attendance was realized among conventions, which attracted a total of approximately 87,600 people to the Exhibition Hall in 2005, down more than 15,000 from totals in each of the three years prior.

Attendance at public/consumer shows has traditionally comprised the largest portion of event attendance among all exhibit space-using events over the past four years, attracting, on average, in excess of 220,000 persons to the facility each year. Attendance levels at these events have amounted to approximately one-half of total attendance in recent years.

As detailed earlier in Exhibit II-5, combined, convention and tradeshow events have historically comprised a total of between 21 and 28 percent of overall exhibit space occupancy. Meanwhile, attendance at these events has accounted for between 27 and 31 percent of total event attendance, averaging more than 5,900 per event over the four year-period. As will be discussed extensively in a subsequent chapter, these events typically generate the most economic impact for the community, given their significant base of non-local attendees.

Exhibit II-8 presents a review of event distribution by size, in terms of amount of exhibit space utilized, for all events utilizing exhibit space at the Center between 2002 and 2005.

Exhibit II-8
Four-Year Event Distribution by Size - 2002 – 2005 (1)



(1) Figures only represent the 355 events utilizing exhibit space.
Source: facility management, 2006

As presented earlier, the Alliant Energy Center has hosted a total of approximately 2,500 events over the past four years. A total of 355 events hosted by the Center throughout the four year-period reviewed made use of the Exhibition Hall, occupying, on average, approximately 53,000 gross square feet per day. Of the 355 total events, approximately 268, or 75 percent, made use of fewer than the entire 100,000 square feet of exhibit space provided. An estimated 167 events (or approximately 47 percent) utilizing Center exhibit space made use of fewer than 50,000 gross square feet. A total of 87 events, amounting to nearly 25 percent of all exhibit space utilizing events, made use of the entire 100,000 square feet of available exhibit space.

It is also important to examine how this data has changed over time in recent years. As presented earlier in this section, the total number of Exhibition Hall utilization days has decreased in each of the past few years, from a high of 266 in 2002 and 2003, to a low of 238 in 2005. However, in 2002, while utilization days peaked, a total of just 18 events, (or 21 percent) occupied all 100,000 square feet available. Two years later, in 2004, a total of 26 events (or 30 percent) occupied the entire Exhibition Hall, indicating growth in the larger events hosted at the Center. Examples of some of the specific events occupying all available space include the following:

- World Dairy Expo
- Market Square
- Wisconsin Deer & Turkey Show
- Wisconsin Cheesemakers
- Garden Show
- Midwest Horse Fair
- Canoecopia
- Epic Systems
- Dane County RV Show
- Madison Auto Show
- BKC Dog Show
- Midwest Jewelry Expo

Based on this review, there appears to be potential pressure from approximately 12 individual events for greater levels of space than currently offered at the Center. These and other issues will be extensively discussed within the Market Demand Analysis chapter of this report.

III. Local Market Conditions Analysis

The strength of the local market, in terms of its socioeconomic attributes, can provide an indication of a community's ability to accommodate large numbers of public/consumer show, convention, conference, tradeshow, meeting and other event attendees. Further, a destination's hospitality infrastructure, in terms of hotels, restaurants, entertainment and other such factors, can contribute significantly to the success of local public assembly facilities. As such, CSL conducted an analysis of these and other local market attributes as they relate to both the Madison area and the Alliant Energy Center.

Local Market Attractions and Resources

Madison is Wisconsin's state capital and second largest city. Situated in the south-central part of the state in Dane County, it is estimated that the City of Madison has a Core Based Statistical Area ("CBSA") population of approximately 534,600. Madison offers an array of unique assets and attractions. Located on an isthmus between Lakes Mendota and Monona, Madison is a popular destination for boaters, anglers and other water sport enthusiasts. The City of Madison maintains more than 6,000 acres of parkland, including disc golf courses, ice rinks, beaches and cross-country ski trails. Madison and Dane County also offer a total of 20 golf courses and more than 150 miles of bike trails. Other popular recreational activities available in the area include the arts, skiing, camping, hiking and shopping.

For purposes of this analysis, we have assembled a summary of primary local attractions and entertainment options in Madison, as presented in Exhibit III-1.

Exhibit III-1
Summary of Local Attractions/Entertainment in Madison

Bartell Community Theater	Madison Symphony Orchestra
Chazen Museum of Art	Memorial Union
East Towne Mall	Olbrich Botanical Gardens
Governor's Mansion	Overture Center for the Arts
Henry Vilas Park Zoological Society	State Street
Lake Cruises on Lake Mendota & Monona	University of Wisconsin Athletics
Madison Ballet	Vitense Golfland
Madison Children's Museum	West Towne Mall
Madison International Speedway	Wisconsin Historical Museum
Madison Mallards Baseball	Wisconsin State Capitol
Madison Museum of Contemporary Art	Wisconsin Veterans Museum
Madison Opera	

In addition to these popular local attractions, Madison is also home to several noteworthy historical and cultural festivals and other local events. Examples of such gatherings include the following:

- Art Fair on the Square
- Dane County Fair
- Dane County Farmer's Market
- Great Taste of the Midwest Beer Fest
- Ironman Wisconsin
- Mad City Marathon
- Madison Food and Wine Show
- Midwest Horse Fair
- Rhythm and Booms
- Taste of Madison
- Wisconsin Film Festival
- World Dairy Expo

The city is also home to the University of Wisconsin - Madison, a world-renowned academic institution founded in 1848. The University is the largest in the state with a total Fall 2005 enrollment of approximately 41,600 students, of which an estimated 29,000 were undergraduates. The University occupies more than 933 acres within the city and employs more than 13,600 individuals locally and regionally. This student base positions the University the tenth largest in the United States in terms of student population. Other local institutions of higher learning include Edgewood College and Madison Area Technical College.

Combined, from a convention or conference event planner's perspective, these amenities allow the Madison area to offer important advantages when considering alternate destinations.

It is also important to consider Madison's relative proximity to a number of large metropolitan markets in the Midwest. As such, we have identified a total of 11 such communities that are within 400 miles driving distance of Madison. This information is presented below in Exhibit III-2.

Exhibit III-2
Summary of Madson's Proximity to Regional Markets

Market	Driving Distance from Madison (miles)
Milwaukee	77
Rockford	78
Dubuque	94
Green Bay	135
Chicago	148
Minneapolis	268
Des Moines	288
Grand Rapids	329
St. Louis	357
Indianapolis	366
Toledo	399

Source: Greater Madison Convention and Visitors Bureau, 2006

As shown, Madison lies within 100 miles of three sizable metropolitan areas (Milwaukee, Rockford and Dubuque). Combined, the CBSA population of these markets totals nearly two million residents—representing a significant population base from which to potentially draw event attendees to the Alliant Energy Center. Further, an additional four large metropolitan areas, including Chicago and Minneapolis, lie within 300 miles of Madison.

Existing Hotels and Event Facilities

The number of existing event facilities in the local market, as well as the supply and location of local hotel rooms are important considerations with respect to Madison's ability to attract and accommodate market potential and associated economic impact.

The closest hotel to the Center, the Clarion Suites offers a total of 140 total guestrooms and very limited amounts of meeting and banquet space. Further, two additional properties are located within three blocks of the Center—the Sheraton Madison (237 rooms) and the Holiday Inn Express (92 rooms). Together, these three properties combine to provide 469 guestrooms, approximately 245 (or 52 percent) of which are considered to be committable for room blocks/group use. On a market-wide basis the greater Madison area is home to an estimated 38 hotel and motel properties, combining to provide approximately 5,000 available guestrooms. Including nearby communities, it is estimated that the greater Madison area is home to an estimated 8,000 total hotel rooms. There are 24 hotel properties that provide 100 or more guestrooms.

Exhibit III-3 presents a summary of the space offerings among primary local flat floor event facilities, many of which consist of larger hotel properties in the greater Madison area. The table below outlines exhibit, meeting, ballroom and total sellable square footage provided among 11 reviewed facilities, as well as the largest contiguous space available and total number of on-site guestrooms (if applicable).

Exhibit III-3
Summary of Primary Local Flat Floor Event Space

Hotel Name	Exhibit Space	Meeting Space	Ballroom Space	Total Sellable Space	Largest Contiguous Space	Total Hotel Rooms
Alliant Energy Center	100,000	20,000	0	120,000	100,000	N/A
Monona Terrace Convention Ctr.	37,200	5,300	20,400	62,900	37,200	N/A
Marriott Madison West	29,000	7,300	9,800	46,100	29,000	292
Madison Concourse Hotel	0	8,600	20,700	29,300	10,300	360
Shearton Madison	0	10,900	5,300	16,200	5,300	237
Crowne Plaza	0	3,700	4,200	7,900	4,200	226
Best Western Inn on the Park	0	1,500	4,000	5,500	4,000	213
DoubleTree Madison	0	5,300	0	5,300	2,700	163
Howard Johnson Madison	0	2,000	3,300	5,300	3,300	197
Hilton Garden Inn Middleton	0	3,700	0	3,700	3,400	133
Holiday Inn Hotel & Suites	0	3,600	0	3,600	2,700	158

Source: facility management, Greater Madison Convention and Visitors Bureau, 2006

As presented, the Madison area currently provides a total of 11 facilities offering in excess of 2,500 square feet of sellable flat floor event space. Of the 11, five properties integrate 200 or more total guestrooms. Together, these properties provide nearly 3,000 guestrooms and an estimated 202,000 square feet of sellable event space within the community.

There are three primary flat floor event facilities in Madison – the Alliant Energy Center, Monona Terrace Convention Center and the Marriott Madison West. Each of these facilities provides some level of dedicated exhibit space and offer total sellable space levels in excess of 45,000 square feet. Together, these facilities effectively represent the only traditional conference and meeting facilities in the local area that can effectively compete for small to mid-sized local and non-local conventions, conferences meetings, conventions, tradeshows and public/consumer shows.

The Alliant Energy Center's Exhibition Hall and Conference Center comprise the largest local facility in terms of both total sellable and largest contiguous space. The facility's 100,000 square feet of contiguous space is nearly three times that of any other local offering.

In general, the market focus of both the Monona Terrace Convention Center and the Marriott Madison West trends toward convention, conference, meeting and banquet events. The larger exhibit space use associated with conventions, tradeshows and public/consumer show events is accommodated solely by the Alliant Energy Center. The existence of a large contingent of smaller facilities in the market underscores the need for the Alliant Energy Center to attract events with more significant contiguous space needs, ideally above 40,000 gross square feet.

Importantly, as will be discussed in a subsequent chapter, many economic impact-generating events (i.e., conventions and conferences produced by state and regional associations and other organizations) require multiple event spaces concurrently (exhibit, ballroom and meeting space). All Madison area event facilities have limitations in space offerings to this end.

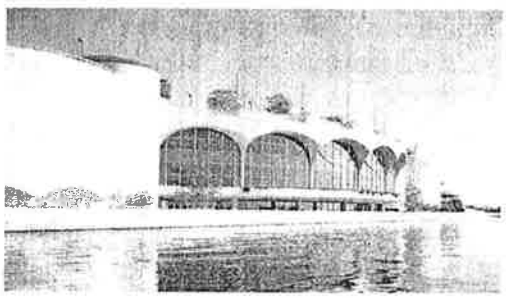
In addition to the facilities listed above, the University of Wisconsin – Madison provides a number of facilities at which meetings, conferences, banquets, lectures and other events are often hosted. Largely reserved for University-related usage, these facilities include:

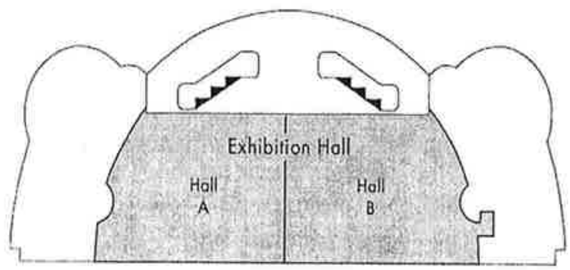
- JF Fredrick Center
- Lowell Center
- Pyle Center
- Fluno Center for Executive Education
- Wisconsin Union

It should also be noted that in addition to these local area facilities, there are numerous other event facilities within short driving distance of Madison (i.e., Wisconsin Dells, Milwaukee, etc.) that compete to some degree with the Alliant Energy Center in certain event categories. A review of these and other facilities is presented in the following Analysis of Competitive and Comparable Markets and Facilities chapter of this report.

Further analysis of Madison's two other primary event facilities (Monona Terrace Convention Center and Marriott Madison West) is presented below and on the following pages.

Monona Terrace Convention Center





Located in Downtown Madison, between the Capitol and Lake Monona, the Monona Terrace Convention Center ("MTCC") is perhaps best noted for its unique design by legendary architect Frank Lloyd Wright. First proposed in 1938, the facility opened in 1997 at a cost of approximately $67.1 million. The 250,000-square-foot, five-level facility, extends 90 feet over Lake Monona and provides a total of nearly 63,000 sellable square feet of flat floor event space.

Space offerings include the 37,200-square foot Exhibition Hall, which is able to accommodate more than 20 ten by ten booths and seat as many as 3,300 for concerts and other seated functions. Two ballrooms combine to provide more than 20,000 square feet of upscale banquet space. The 13,500-square-foot Madison Ballroom is able to seat up to 1,400 theater-style and approximately 800 in a banquet setting. Further a total of up to 11 break-out rooms combine to offer approximately 5,300 square feet of flexible breakout space.

Other facility amenities include the following:

- 5,540-square foot state-of-the-art Lecture Hall with permanent seating for 320;
- William T. Evjue Rooftop Gardens, providing more than 45,000 square feet and able to accommodate 3,000 guests;

- Lake Monona Bike & Pedestrian Path;
- GrandView Café;
- Hall of Fame Room;
- The Otis Redding Memorial; and
- 600 on-site parking spaces.

Based on conversations with facility management, we have prepared a summary of historical event levels at the Monona Terrace Convention Center. This information is detailed in Exhibit III-4.

Exhibit III-4
Summary of Monona Terrace Event Activity
2003 - 2005

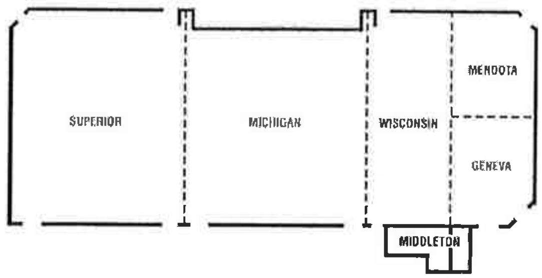
Event Type	2003	2004 (1)	2005
Conventions (2)	33	25	36
Conferences (3)	40	45	37
Banquets	307	273	281
Meetings	291	238	221
Consumer Shows	17	12	11
Community Events	57	50	55
Entertaniment Events	36	26	30
TOTAL	781	669	671

(1) MTCC was closed for renovations for 5 1/2 weeks in 2004 resulting in somewhat lower event numbers.
(2) Conventions are defined as events with peak room nights of 151+ and/or total room nights of 500+.
(3) Conferences are defined as events with peak room nights of between 50-150 and/or total room nights of 499 or less.
Source: facility management, 2006

As shown, Monona Terrace Convention Center is a frequent host of events that are local and regional in nature. Banquets comprise another important piece of business at the Center, totaling 281 individual events and attracting nearly 72,000 attendees. Consumer shows, which generally use larger amounts of exhibit space, generate less than two percent of overall event activity.

Based on information provided by facility management, the economic impact generated by conventions, conferences and consumer shows reached a high of $17.4 million in 2005. Event attendance at the facility has declined in recent years, from a high of approximately 259,000 in 2003 to approximately 210,400 in 2005. Including other visitors to the MTCC, total event attendees and visitors to the facility has ranged from 370,000 to 429,000 in recent years.

Marriott Madison West



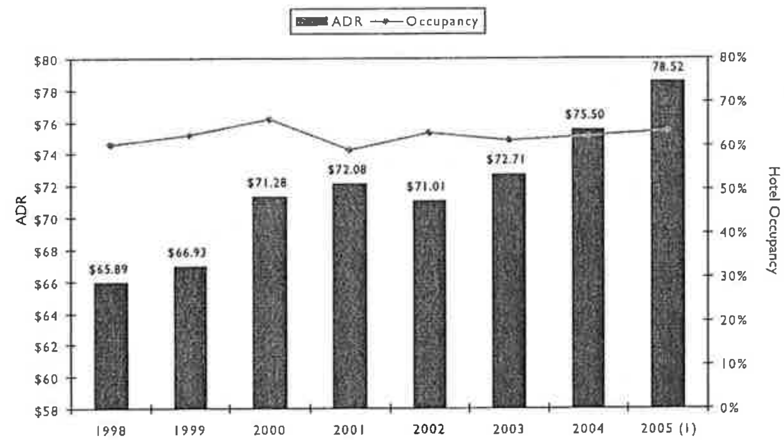
Constructed in 1990, the 292-room Marriott Madison West is the largest convention hotel in the area (in terms of event space offerings), with approximately 46,000 square feet of flexible, sellable space. Located in nearby Middleton, the ten-story hotel features a contiguous 29,000-square foot "Conference Center" space that provides 26-foot ceilings. This space is suitable for a number of events including conventions, light tradeshows, general sessions, etc.

Given the proprietary nature of event related information at the Madison Marriott West, we are not able to present a summary of event levels or other operating characteristics of the hotel's event facilities.

Analysis of Local Hotel Market

The availability and cost of lodging play a key role in a community's ability to successfully attract and retain events with a non-local attendee and/or exhibitor base. As such, we have also examined average daily hotel room rates, as well as average occupancy in greater Madison for the eight year-period spanning 1998 through 2005. Results are summarized in Exhibit III-5.

Exhibit III-5
Summary of Madison Hotel Occupancy
and Average Daily Rate - (1998 – 2005)



(1) Figures for 2005 are presented year-to-date through September 2005
Source: Madison Convention and Visitors Bureau, 2006

Based on data provided by area hotels and submitted to the CVB, greater Madison average daily hotel room rates have increased each of the past four years, averaging between $75 and $78 per night during 2004 and the first nine months of 2005. Hotel occupancy rates in Madison have averaged approximately 62 percent over the past eight years, with approximately 63 percent of available rooms filled in the first nine months of 2005. This increase over the previous year represents the largest single year rise in average rates over the reviewed period. It is interesting to note the significant downward shift in overall occupancy in 2001 and the recovery in recent years.

All things considered, the combination of both the Madison hotel room inventory (estimated at more than 5,000) and the moderate relative hotel room rates continue to position Madison as a desirable host community for a wide variety of events.

CVB room tax collections have also been reviewed as a part of this exercise. As could be expected given recent increases in average daily rates and increasing occupancy percentages, local room tax collections increased to more than $7.7 million in 2004. These dollars are very important to the community as they help to form the basis for visitor and convention activity going forward.

Based on our review of the local market conditions, there are several positive aspects relative to the convention, tradeshow, public/consumer show and other event industry in Madison. These include a significant local and regional population base, the presence of a major research university, a developing cultural arts environment, a diversity of hotel properties (in terms of location, size, amenities, cost, etc.), a variety of outdoor recreational opportunities and convenient driving access to several other regional destinations. In addition, the significant role of the Alliant Energy Center as the sole provider of large-scale exhibit space in the community is very apparent.

IV. Analysis of Competitive and Comparable Markets and Facilities

This chapter provides an analysis of the various physical characteristics and resources of competitive and comparable facilities and communities. The information detailed herein will assist in the identification and analysis of the convention facilities that likely provide primary competition or are comparable to the Alliant Energy Center. Numerous factors are considered by association and corporate event planners in determining the ability of a community to attract convention, conference, public and tradeshow business. These factors include:

- Market population
- Corporate inventory
- Exhibit space
- Meeting space
- Ballroom/general session space
- Total sellable space
- Hotel room availability
- Hotel room tax rates

This section provides a review of the various physical characteristics and resources of competitive facilities and communities, as well as communities that are comparable in some way to Madison. This data is useful in understanding how other markets are performing within current industry conditions, the level of space and hotel room inventory offered by competitors and other such characteristics.

Exhibit IV-1 on the following page presents the 18 competitive and comparable markets and facilities that were analyzed in our research effort.

Exhibit IV-1
Competitive and Comparable Markets and Facilities

Facility	City	State
Allen County Exposition Center	Fort Wayne	IN
Brown County Memorial Complex - Shopko Hall	Green Bay	WI
Chula Vista Resort	Wisconsin Dells	WI
DeVos Place	Grand Rapids	MI
Grand Wayne Convention Center	Fort Wayne	IN
Iowa Events Center - Hy Vee Hall	Des Moines	IA
Kalahari Waterpark Resort & Convention Center	Wisconsin Dells	WI
KI Convention Center	Green Bay	WI
LaCrosse Center	LaCrosse	WI
Lansing Center	Lansing	MI
Midwest Airlines Center	Milwaukee	WI
Monona Terrace Convention Center	Madison	WI
Peoria Civic Center	Peoria	IL
Prairie Capital Convention Center	Springfield	IL
Qwest Center Omaha	Omaha	NE
Schaumburg Convention Center	Schaumburg	IL
Varied Industries Building	Des Moines	IA
Wisconsin Exposition Center	West Allis	WI

Population and Corporate Demographics

The socioeconomic profile of the greater Madison area can have an impact on the overall success of the Center, as a portion of facility users will likely originate from Madison and the surrounding area. A variety of events frequently held at the Center, including public/consumer shows, corporate meetings, service club functions, private banquets and other miscellaneous private meetings typically derive the majority of attendees from the local area.

Population

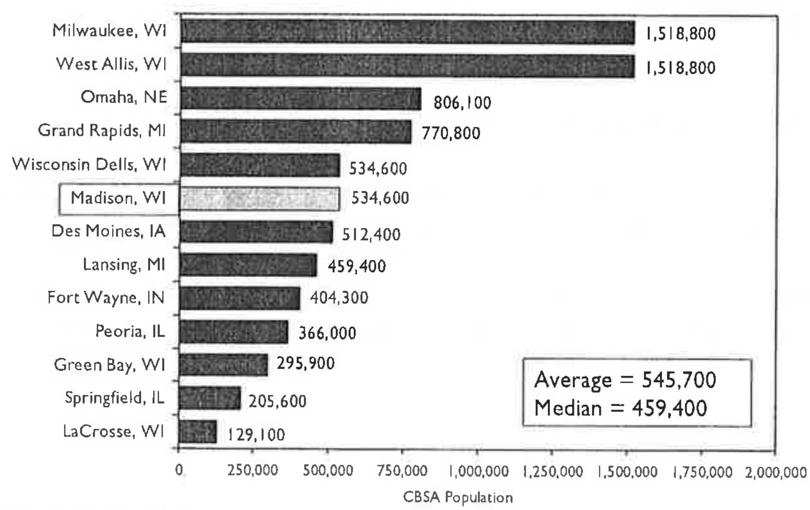
Another component in assessing the potential success of an expanded Alliant Energy Center is the population of the local market, as is it often indicative of the relative level of attendance that certain events can potentially generate. Further, population is often indicative of economic support for restaurant, retail, entertainment and other establishments that are important to a successful visitor industry. As a result, the strength of a market in terms of its ability to draw events, attendees and visitors is measured in part by the size of the market area population. To gain an understanding of the relative strength of the Madison market area, it is useful to compare various socioeconomic characteristics among the competitive and comparable markets supporting similar venues.

The Core Based Statistical Area ("CBSA") used in this analysis is defined as a geographical area with a significant population nucleus, along with any adjacent communities that have a high degree of economic and social integration with that nucleus meeting certain quantitative population thresholds. This information was obtained from various industry sources and is based on the most recent revisions announced by the federal government's Office of Management and Budget.

Population levels can be important to consider when evaluating the potential for events possessing a large percentage of local attendees, such as public/consumer shows, local corporate events and miscellaneous community events. Population levels were compiled based on data provided by Sales and Marketing Management, who regularly publishes demographic estimates utilizing U.S. Census data.

Exhibit IV-2 presents a summary of the CBSA populations of the competitive and comparable markets reviewed.

Exhibit IV-2
Comparison CBSA Population –
Competitive and Comparable Markets

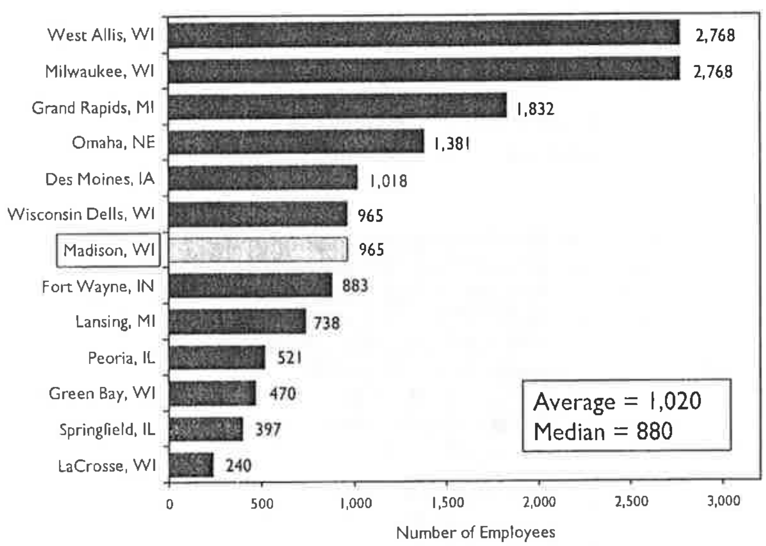


Note: CBSA = Core Based Statistical Area
Schaumburg, IL, part of the Chicago CBSA, is not included in average and median calculations.
Wisconsin Dells is considered to be within the Madison CBSA.
Source: Sales and Marketing Management 2005

As shown, in terms of CBSA population statistics reviewed, Milwaukee ranks first of the competitive and comparable markets analyzed, with a CBSA population of more than 1.5 million people. The average population of the markets reviewed approximates 547,700. This compares to the population of greater Madison, which ranks near both the average and median of communities reviewed, at approximately 534,600. Future projections of locally-based events may be impacted this type of data. It should also be noted that several of the markets reviewed in this analysis are considered to be part of the same CBSA (i.e., West Allis and Milwaukee, as well as Madison and Wisconsin Dells). In each case, for purposes of calculating average and median figures among the data set, these markets have not been double-counted.

The number of corporations in a market can have a direct impact on the level of corporate event activity held at an exhibition/convention facility. As the market for corporate events continues to increase, this base can be viewed as an indicator of the market potential for such activity. Exhibit IV-3 presents the number of corporations (both headquarters and branch offices) with at least 50 employees for each market's CBSA.

Exhibit IV-3
Number of Corporations With 50 or More Employees -
Competitive and Comparable Markets



Notes: Schaumburg, IL, part of the Chicago CBSA, has approximately 13,600 such corporations and is not included in average and median calculations. Wisconsin Dells is considered to be within the Madison CBSA.
Source: Dun & Bradstreet, 2006

As outlined in the exhibit, Madison again ranks near both the average and median of selected competitive and comparable markets in terms of total corporations with 50 or more employees, with approximately 965. This compares to an overall average of approximately 1,020. A total of six markets (Fort Wayne, Lansing, Peoria, Green Bay, Springfield and La Crosse) offer fewer corporations employing 50 or more persons than does Madison.

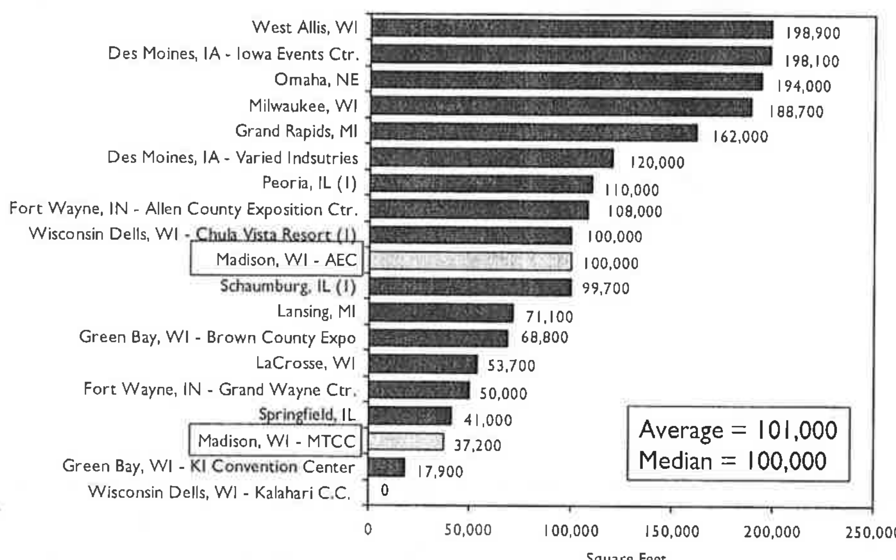
Relative to other markets of comparable size and with exhibition/convention facilities similar to that of the Alliant Energy Center, it does not appear, at least initially, that the size of the corporate base in Madison is negatively affecting the market's ability to generate off-site local corporate events. Further analysis of event demand and related characteristics particular to the existing and potential market for corporate events in Madison is presented in the following Market Demand Analysis chapter of this report.

Exhibit Space

There are two types of exhibit space offered at the facilities reviewed: prime space and gross space. Prime space refers to the dedicated exhibition area, typically used by conventions and tradeshows for exhibits, that is column-free or with minimal columns, has high ceilings (typically 25 to 30 feet in height), utility floor grids (supplying electricity, telecommunications, water, etc.) and other such amenities. Gross space refers to the total area that can be used for exhibits and includes surrounding areas such as lobbies, meeting space, ballrooms and other such space.

Exhibit IV-4 presents a comparison of total prime exhibit space offered at the competitive and comparable facilities reviewed.

Exhibit IV-4
Comparison of Prime Exhibit Space –
Competitive and Comparable Facilities



(1) Includes space that is either planned or under construction.
Note: Average and median calculations include only those facilities integrating such space.
Source: facility floorplans, management, and industry publications, 2006

As presented in the exhibit, among reviewed facilities, the Wisconsin Exposition Center (located in West Allis, just outside of Milwaukee) incorporates the largest amount of prime exhibit space, with nearly 200,000 gross square feet, while the Kalahari Waterpark Resort & Convention Center does not provide any dedicated exhibit space. The average competitive and comparable facility reviewed incorporates approximately 101,000 square feet of total prime exhibit space. This compares to the 100,000 square feet currently offered at the Alliant Energy Center. Madison's other public convention facility, the Monona Terrace Convention Center, provides a total of approximately 37,200 square feet of prime space, the second fewest among the selected set.

Beyond simply the amount of space provided at the competitive and comparable facilities, it is also interesting to note that seven of the 18 competitive and comparable venues (or more than one-third) integrate exhibit space that is either planned, under construction, or has been developed within the past three years. In no particular order, these facilities include:

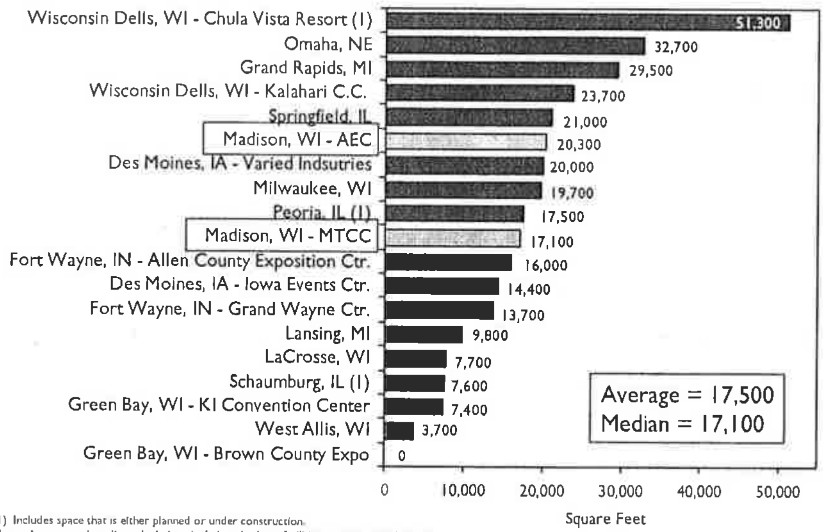
- Chula Vista Resort, *Wisconsin Dells, Wisconsin*
- DeVos Place, *Grand Rapids, Michigan*
- Iowa Events Center – Hy Vee Hall, *Des Moines, Iowa*
- KI Convention Center, *Overland Park, Kansas*
- Peoria Civic Center, *Peoria, Illinois*
- Qwest Center, *Omaha, Nebraska*
- Schaumburg Convention Center, *Schaumburg, Illinois*

Meeting/Ballroom Space

Sufficient modern meeting and ballroom space is very important in attracting and accommodating events in the convention, conference and meetings industry. Event organizers see it as an important factor in their selection of host cities. Meeting space is typically highly flexible (sub-divisible) with high-end acoustics, event technology and separate service corridor access. Ballroom space in state-of-the-industry convention centers tends to provide a larger contiguous open area, higher ceilings (25 to 28 feet as opposed to 12 to 15 feet for meeting space), and a slightly higher level of finish, including a higher grade of lighting, floor covering and wall treatment.

Exhibit IV-5 below compares the square feet of convention center meeting space offered at the competitive and comparable facilities.

Exhibit IV-5
Comparison of Meeting Space –
Competitive and Comparable Facilities

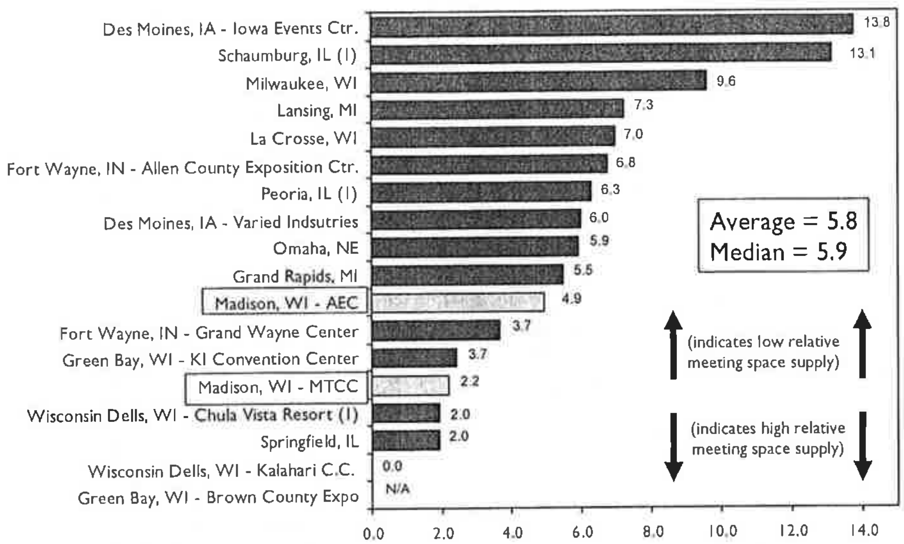


(1) Includes space that is either planned or under construction.
Note: Average and median calculations include only those facilities integrating such space.
Source: facility floorplans, management, and industry publications, 2006

The level of meeting space is broadly distributed among the selected set, ranging from more than 51,000 square feet at the Chula Vista Resort (in Wisconsin Dells), to just 3,700 square feet at the Wisconsin Exposition Center (in West Allis). Only one facility, Shopko Hall (within the Brown County Memorial Complex), provides no dedicated meeting space. On average, slightly more than 18,500 square feet of meeting space is offered among the facilities analyzed. The Conference Center within the Alliant Energy Center ranks sixth among the selected facilities, offering approximately 20,300 square feet of sub-divisible meeting space.

It is also useful to characterize a facility's inventory of event space by type of space relative to other space offerings. As such, we have conducted an analysis of the relationship between exhibit and meeting space at each of the competitive and comparable facility set. Exhibit IV-6 compares each facility's ratio of exhibit to meeting space.

Exhibit IV-6
Ratio of Exhibit to Meeting Space
Competitive and Comparable Facilities



(I) Includes space that is either planned or under construction.
Note: Average and median calculations include only those facilities integrating such space.
The ratio of exhibit to meeting space for the Wisconsin Exposition Center approximates 53.8.
Source: facility floorplans, management, and industry publications, 2006

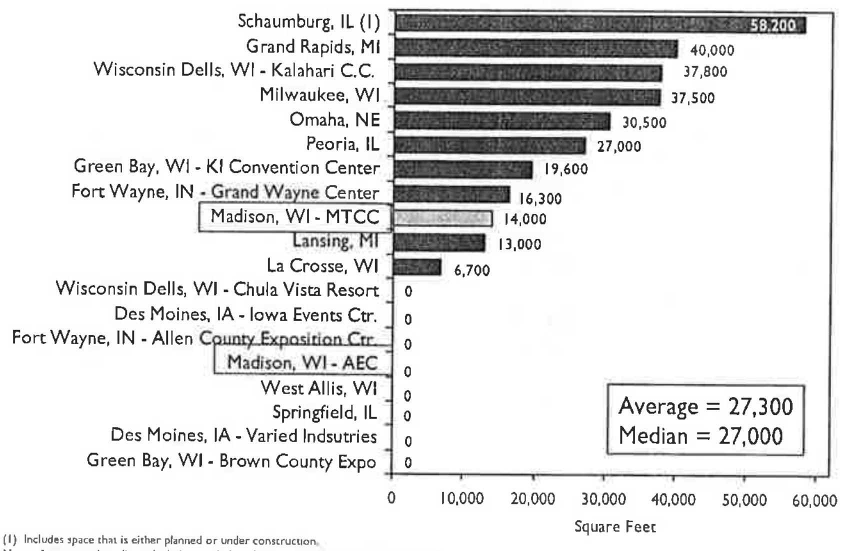
A high ratio, as measured above, indicates a potential oversupply of exhibit space or a low relative supply of meeting space. As presented, the Alliant Energy Center currently incorporates approximately 4.9 square feet of exhibit space for every square foot of breakout meeting space. Of the analyzed facilities, the average ratio of exhibit space per square foot of meeting space approximates 5.8. For the sake of comparison, the Monona Terrace Convention Center provides a calculated ratio that approximates 2.2. This relative ratio of exhibit to meeting space is representative of the facility's focus of successfully accommodating the space requirements necessary for conventions, meetings, conferences, banquets, community functions and a variety of special events.

The Alliant Energy Center's ratio of exhibit to meeting space reflects a level of meeting space that is appropriate for the existing exhibit space levels, based on competitive and comparable facility data. In addition, the general focus of the Alliant Energy Center exhibit space on large trade-oriented events tempers the need for large amounts of meeting space.

Ballroom/general session space is also an important characteristic that many planners of convention and tradeshow event planners review when selecting a potential facility. Planners have increasingly placed a premium on such space in their selection of host facilities.

Exhibit IV-7 compares the square footage of ballroom/general session space among the competitive and comparable facility set.

Exhibit IV-7
Comparison of Ballroom/General Session Space –
Competitive and Comparable Facilities



(1) Includes space that is either planned or under construction.
Note: Average and median calculations include only those facilities integrating such space.
Source: facility floorplans, management, and industry publications, 2006

As shown, 11 of the 18 facilities considered in this analysis provide some level of dedicated ballroom/general session space. The soon-to-be-completed Schaumburg Convention Center will provide the largest amount of dedicated ballroom/general session square footage among all the facilities reviewed, with more than 58,000 square feet. This facility will provide a total of four individual ballrooms, ranging in size from 5,400 to 27,500 square feet. In contrast, the La Crosse Center provides the smallest amount of ballroom/general session space, with approximately 6,700 square feet.

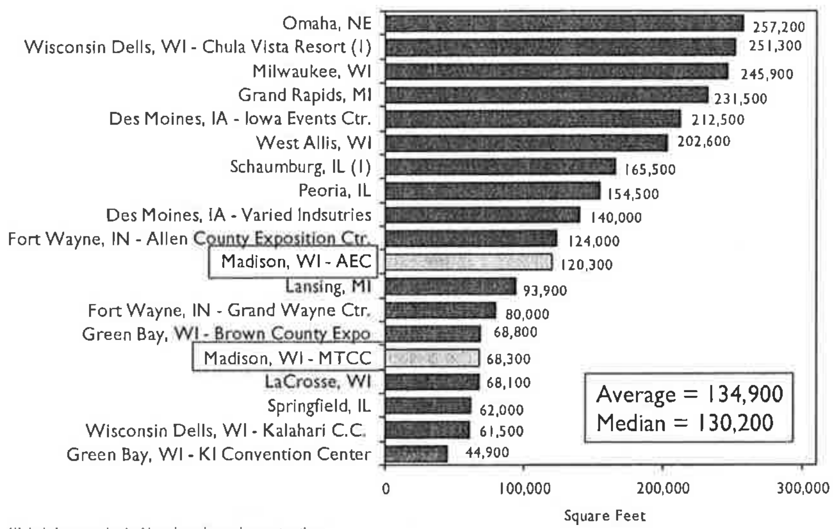
Among facilities that do not provide ballroom/general session space, five of the seven facilities (including the Alliant Energy Center) are traditional exhibition/expo hall type facilities. Given the typical event focus of these types of venues (i.e., public/consumer shows, tradeshows and other events requiring large amounts of flat floor space), the provision of dedicated ballroom space is not necessarily a common building program component.

Although the Alliant Energy Center presently provides no dedicated ballroom/general session space, the contiguous space offered through the Center's Monona meeting rooms and lobby (measuring approximately 20,000 square feet) is also utilized for various food and beverage functions and other special events that may otherwise utilize ballroom space.

Total Sellable Space

Exhibit V-8 presents the rankings of the competitive and comparable facilities analyzed in terms of total sellable space, which includes all available exhibition, meeting and ballroom/general session space.

Exhibit IV-8
Comparison of Total Sellable Space –
Competitive and Comparable Facilities



(1) Includes space that is either planned or under construction.
Source: facility floorplans, management, and industry publications, 2006

The amount of total sellable space offered among the 18 competitive and comparable facilities reviewed varies widely, averaging nearly 135,000 square feet. The Alliant Energy Center offers approximately 120,300 sellable square feet, slightly below the overall average. Five of the facilities reviewed provide in excess of 200,000 square feet, while eight of the 19 facilities (or 42 percent) provide fewer than 100,000 square feet. Des Moines, with a CBSA population smaller than that of Madison, is home to two facilities that provide more sellable space than the Alliant Energy Center. In the case of Des Moines, combined, the Iowa Events Center and the Varied Industries Building provide a total of 352,500 sellable square feet. This compares to a total of 188,600 between the Alliant Energy Center and the Monona Terrace Convention Center in Madison.

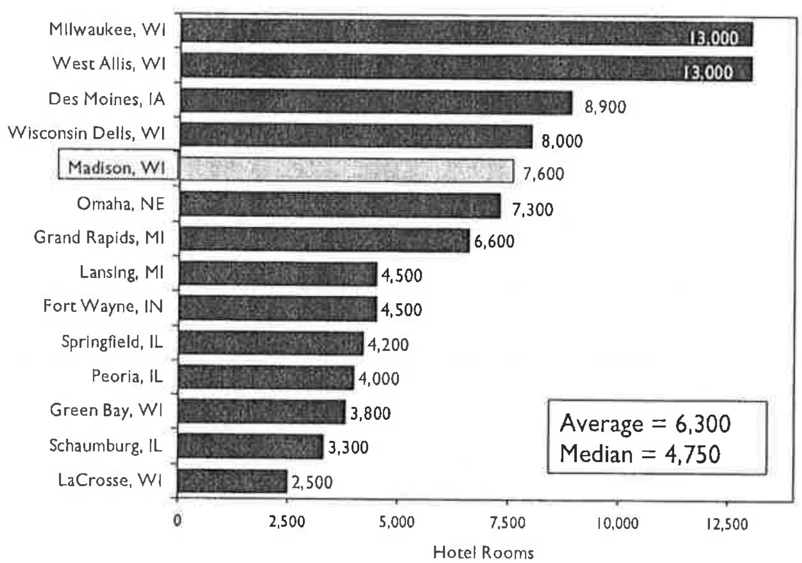
Hotel Room Availability

The availability of hotel rooms to serve the requirements of the convention, tradeshow, corporate, public/consumer show and other event industries is a critical factor in the success of any public assembly facility. The relative inventory of hotel rooms in a community is measured in many different ways, including:

- total inventory of rooms;
- total rooms within three blocks of the convention facility;
- ratio of exhibit space to total rooms within three blocks of the convention facility; and
- total hotel tax.

For purposes of this analysis, we have assembled data pertaining to each of the above measures. We begin with a review of the total number of available hotel rooms in each of the markets. Exhibit IV-9 details our findings, based on information provided by each community's convention and visitors bureau.

Exhibit IV-9
Comparison of Total Hotel Rooms –
Competitive and Comparable Markets



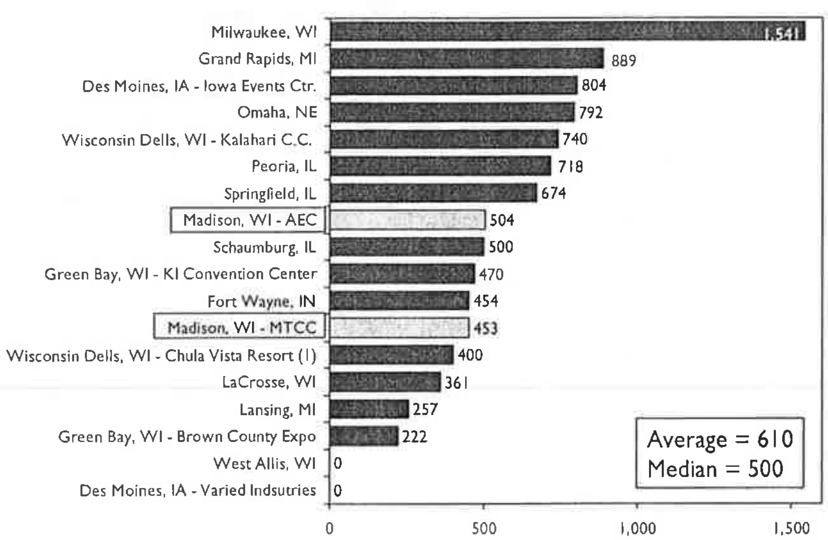
Source: Interviews with CVB's, 2006

As shown, there is a wide range in the number of hotel rooms in the markets reviewed, with the Madison area offering a hotel inventory of approximately 5,000 rooms, ranking fifth among the identified competitive and comparable market set. Including hotel accommodations in nearby communities (i.e., Verona, Middleton, etc.), it is estimated that the greater Madison area is home to a total of 7,600 guestrooms. Milwaukee provides the greatest amount of marketwide hotel rooms of all reviewed markets, with approximately 13,000. La Crosse, the smallest market in terms of CBSA population, provides approximately 2,500 hotel rooms, the fewest among the 12 individual markets reviewed.

Given the disbursed nature of Madison's hotel base, there is a potential to use hotels outside Madison of the city limits (i.e., Verona, Middleton, etc.) to assemble room blocks; however, this represents a non-competitive solution to event accommodation. In reality, the level of committable rooms in the area of the Center will often serve to determine the size of the events that can be accommodated in Madison, as well as the interest level in the Center as a host venue for their event(s). This concept will be further explored in the following Market Demand Analysis chapter.

Given the importance of the proximate hotel base to any convention or exhibition facility, we have also conducted an analysis of the inventory of hotel rooms among properties located within a radius of three blocks of each facility reviewed. Exhibit IV-10 summarizes our findings, based on conversations with facility management and interviews with convention and visitors bureaus.

Exhibit IV-10
Comparison of Hotel Rooms Within Three Blocks of Convention Facility – Competitive and Comparable Facilities

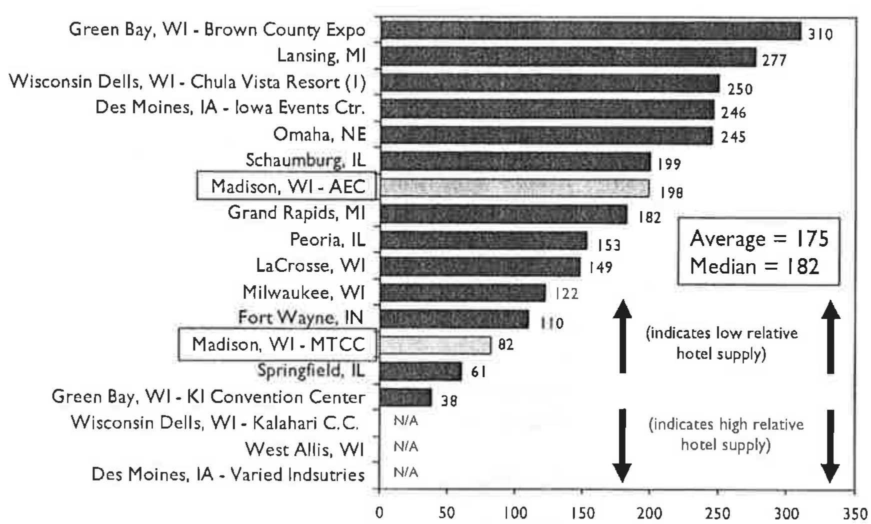


(1) Includes planned rooms
Note: Average and median calculations include only facilities that have hotels located within three blocks.
Source: Facility management interviews with CVB's, 2006

As shown, a total of approximately 1,541 hotel rooms are provided within three large hotel properties situated within three blocks of the Midwest Airlines Center (the Hyatt, Hilton and Holiday Inn), ranking well above all facilities in the competitive and comparable facility set. In contrast, two exhibition facilities (the Wisconsin Exposition Center in West Allis and the Varied Industries Building in Des Moines) have no hotel properties located within three blocks. Interestingly, both of these facilities are located within a state fairgrounds complex, where nearby hotels are rarely provided. Half of all facilities are able to market a total hotel supply of at least 500 rooms that can be considered to be within walking distance. This group includes the Alliant Energy Center, which, through three hotel properties (the Clarion Suites, Sheraton and Holiday Inn Express), provides a total of 504 rooms within three blocks of the complex. This compares to the overall average of 610 hotel rooms within three blocks of each facility.

In an effort to better understand the relationship of a market's hotel inventory to its convention space offerings, we have calculated each facility's ratio of exhibit space to the total inventory hotel rooms within three blocks of each facility, as presented below in Exhibit IV-11.

Exhibit IV-11
Comparison of Ratio of Exhibit Space to Hotel Rooms Within Three Blocks of Convention Facility - Competitive and Comparable Markets



(1) Includes planned rooms
Note: Average and median calculations include only facilities that have hotels located within three blocks.
Source: facility floorplans, management, industry publications, interviews with CVB's, 2006

As shown, Green Bay's Brown County Expo (Shopko Hall) offers the highest ratio of exhibit space to total inventory within three blocks, at 310. A total of three facilities lack either exhibit space or provide no proximate hotel base and thus do not have an applicable ratio. When ranked by ratio of total square footage of exhibit space to total hotel rooms within three blocks of each convention/exhibition facility, the Alliant Energy Center ranks near both the average and median of competitive and comparable markets reviewed. Specifically, the Exhibition Hall within the Alliant Energy Center provides a total of 100,000 square feet of exhibit space; which is approximately 198 times the total of 504 hotel rooms provided at the three properties within three blocks of the complex (the Clarion Suites, Sheraton and Holiday Inn Express).

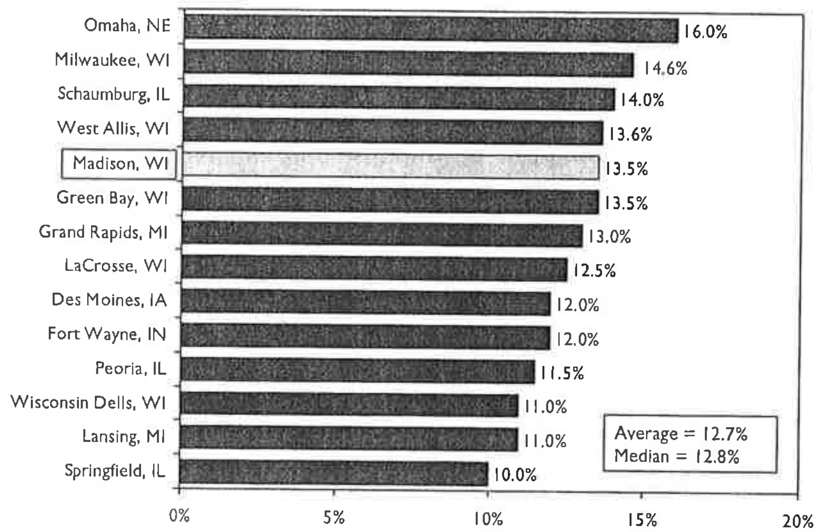
A total of six of the competitive and comparable facilities offer a neighboring hotel base that is smaller than that surrounding the Alliant Energy Center. It is interesting to note that three of these facilities have been developed in the past three years or are currently under construction. Given the relatively brief existence of these venues, it is possible that additional hotel development could follow each facility's incubation, or start-up period, should event activity generate sufficient demand to justify such an investment.

Significant additions of exhibit space may require added hotel capacity in order to accommodate increases in room night-generating business. The Monona Terrance Convention Center, with a relatively low level of exhibit space, shows a favorable hotel room ratio, supporting its mission of accommodating room night-generating conventions, conferences and trade events.

The issue of hotel proximity and associated room requirements was also explored through extensive interviews with past, current and potential users of the Alliant Energy Center. Information gained through this process is presented in the following chapter of this report.

Another often important consideration among meeting planners when evaluating potential site options for their event(s) is the total tax that a guest must pay for a hotel room. This is particularly true with price-sensitive groups. Exhibit IV-12 provides a summary of the total tax charged on hotel rooms in each of the competitive and comparable markets reviewed.

Exhibit IV-12
Comparison of Total Hotel Tax –
Competitive and Comparable Markets



Source: Interviews with CVB's, 2006

As shown, Madison possesses a total effective hotel tax rate of 13.5 percent, ranking nearly a full percentage point above both the average and median rate of competitive and comparable markets reviewed. Within the Wisconsin market, tax rates range from 11.0 percent in nearby Wisconsin Dells, to 14.6 percent in Milwaukee. The current tax on rooms in Omaha is 16.0 percent—the highest among the selected set.

VI. Market Demand Analysis

Exhibition and similar multipurpose flat floor event centers typically host a wide variety of event types. The size, type and flexibility of the space integrated within many centers allows for the accommodation of large public shows, conventions and tradeshows as well as much smaller events such as meetings, food and beverage functions, lectures and other special events. This chapter identifies and details the analysis undertaken to estimate the potential market demand and associated event levels and mix at an expanded Alliant Energy Center.

To form a basis for the analysis, detailed telephone interviews were completed with event producers representing key industry event segments of past, current and potential facility users that could represent much of the potential event base for expanded Exhibition Hall or Conference Center facilities within the Alliant Energy Center. A listing of organizations contacted as part of this effort was supplied by Alliant Energy Center management and the Greater Madison Convention and Visitors Bureau and was supplemented with other CSL sources. This survey-based technique provides a detailed understanding of potential user needs, their interest in utilizing a potential redeveloped Center, as well as overall perceptions of Madison as a potential host community for their event(s).

The market analysis has also been supplemented with data from previous CSL studies, operating results from competitive and comparable facilities and our review of local market conditions and visitor amenity infrastructure in Madison. In the following chapter of this report, several development scenarios for a potential expanded Exhibition Hall or Conference Center and estimated event levels will be assessed, focusing closely on these characteristics.

Key components of the primary market research conducted as a part of this analysis included: in-person interviews with more than 20 local individuals and project stakeholders at the outset of the study, and more than 160 individual interviews completed with planners/producers of past, current and potential events of the Alliant Energy Center. A particular focus of this analysis was placed on the following types of events:

- Public/Consumer/Hobby Shows
- Conventions and Tradeshows
- Agricultural and Equestrian/Livestock Events
- State and Regional Events
- Religious Events
- Sporting Events

Characteristics of Potential Public/Consumer/Hobby Show Event Activity

Public/consumer/hobby shows tend to be large exhibit-focused events open to the public where exhibitors showcase products and services associated with certain industries or themes. Examples include events such as home, boat, sports, antique, RV, craft and related shows. Typically, events are annual and fixed in a specific community, drawing the majority of attendees from the local market area. Space requirements include large amounts of flat floor exhibit space and significant parking capacity. The Alliant Energy Center is widely viewed as the primary option for hosting public/consumer shows in Madison, given the existing inventory of flat floor space and parking in the community.

As noted earlier in our historical operations analysis, public/consumer shows held at the Alliant Energy Center represent a very important component of event activity at the facility. Specifically, events of this type continue to generate an average of approximately 90 utilization days each year at the Exhibition Hall, more than any other identified event type. Typical public shows range in length from one to five show days, in addition to up to two move-in and move-out days, resulting in an average of approximately 3.5 facility utilization days per event. These events have traditionally generated the largest portion of exhibit space occupancy at the Center, ranging between 25 percent and 27 percent of total exhibit space occupancy since 2002. Further, it is estimated that public/consumer shows generate an average of 225,000 attendee days at the Alliant Energy Center each year and add more than $2 million to annual facility revenues.

We have assembled primary research as to individual event characteristics, room night generation, facility strengths and weaknesses, suggested facility improvements and the likelihood of booking an event at the Alliant Energy Center in the future. In sum, we have interviewed planners of 11 individual event organizers (both current and potential users of the Alliant Energy Center's Exhibition Hall), many of which represent multiple events held throughout the country. Specifically, this analysis is based on information provided by representatives of the following events:

- Madison Boat Show
- Deer & Turkey Show
- Titan Log Home Shows
- Garden Expo
- Quilting Expo
- Mid America Expositions
- Craft Fair USA
- Madison Fishing Expo
- Madison Auto Show
- Kids Expo
- Madison RV Camper Show/Sale

Throughout the interview process, a variety of information was obtained to evaluate relevant perceptions, facility requirements, interest levels and other event related characteristics. A summary of our findings is presented on the following pages.

Event Characteristics and Interest Levels

Public/consumer show total event attendance estimates among both current and potential events range widely, with the many such events attracting total attendance levels of between 8,000 and 30,000, averaging approximately 20,000. It is important to note that our experience suggests that future public/consumer show attendance projections obtained through surveys of this nature are oftentimes optimistic and may assume facility space offerings higher than what might realistically be developed. Considerations of this has been included in the subsequent facility program analysis.

Of the public/consumer show event respondents, the average event typically draws the majority of attendees from within up to 100 miles of Madison and would consist, primarily, of "day-trippers" not requiring room nights. However, research suggests that unique hobby shows, such as the annual Deer and Turkey Expo, often attract a significant regional and even a national following. In the case of the Deer and Turkey Expo, attendees have originated from 71 of 72 Wisconsin Counties, in addition to 17 other states, typically generating in excess of 1,000 peak room nights in the community. For all public/consumer show events, many of exhibitors would require hotel rooms. As such, it can be expected that these events may generate peak room night demand in excess of 100 rooms. These respondents indicated an average public/consumer show event consists of approximately three event (show) days, in addition to as many as three move-in and move-out days. Importantly, as discussed earlier, these events generally take place over a weekend and have historically been an important filler of weekend dates at the Alliant Energy Center.

Interest levels among public/consumer shows comprising existing and potential users of the Alliant Energy Center's Exhibition Hall were strong, with several promoters already contracted to continue using the facility going forward. Among current users, overall satisfaction with the facility has been high and a majority of public/consumer show promoters have experienced successful events and plan to continue to bring events to the Center in the future.

While there is interest among both current and potential public/consumer show event planners to potentially bring new events to the Alliant Energy Center, space limitations and date availability continue to hinder the ability of the Center to capture significant additional levels of these types of events.

Facility Requirements/Needs

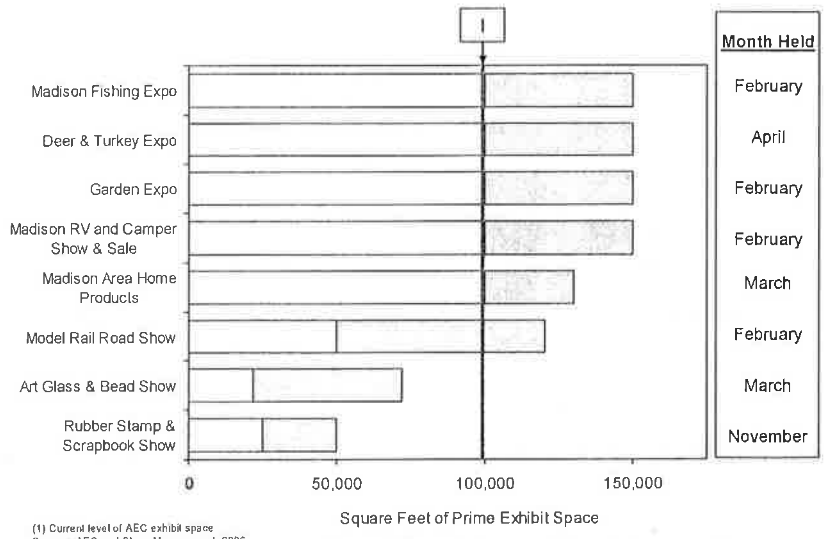
It is important to note that public/consumer show producers tend to size shows based on the space available in the community they wish to serve and have been able to adapt (not always willingly) to current space offerings. In terms of exhibit space requirements, nearly all show managers interviewed that currently bring an event to the Alliant Energy Center are occupying the entire 100,000 square feet of available exhibit space, with many events "spilling over" into lobby, hallway and, in some cases, outdoor space. In fact, many show organizers indicated the existence of an exhibitor waiting list--often comprising 50 or more exhibitors that would like to exhibit, but aren't able due to a lack of available space.

While other facilities within the complex provide some level of space suitable for hosting exhibit-based events (i.e., Arena, Coliseum), based on past experiences, the distance between the venues hinders an effective/successful traffic flow. Such space constraints within the Exhibition Hall have limited the ability of many of public/consumer shows to grow. Based on conversations with event organizers, show growth is being limited in the following four areas:

- Expanded booth space from existing vendors;
- The addition of new vendors/booths;
- General session and/or breakout meetings/seminars; and
- Show sponsorships.

Based on information provided by Alliant Energy Center facility management and producers of public/consumer shows held at the facility, we have summarized both current and potential exhibit space demand among a number of events currently experiencing space constraints at the Exhibition Hall due to either insufficient space levels for their event or a lack of available dates. This information is presented in Exhibit V-1. It is important to note that this listing is not considered to be all inclusive.

Exhibit V-1
Summary of Current and Potential Exhibit Space Demand –
Current Public/Consumer Shows



(1) Current level of AEC exhibit space
Source: AEC and Show Management, 2006

As shown, we have identified a total of eight public/consumer shows currently being held at the Alliant Energy Center that are currently limited in show size by either space or date availability at the Center. Among only these eight selected events, total utilization of approximately 1.5 million gross square feet (or an average of nearly 183,000 gross square feet per event) is "lost" as a result of current exhibit space limitations at the Alliant Energy Center.

In line with a common industry characteristic, six of the eight selected public/consumer show events take place in the first quarter of each year. As discussed earlier in this report, using 2004 facility operations as an example, throughout the months of January through the third weekend in May, there were no available weekend blocks of the size necessary to accommodate additional public/consumer show activity.

As will be discussed at length in the Analysis of Economic and Fiscal Impacts and Financial Operations chapter of this report, the ability of these and other events to achieve their maximum potential (in terms of level of exhibit space occupied, number of attendees, etc.) can have a material effect on the entire Madison community.

Another challenge often faced by producers of public/consumer shows is date availability. In more than one case, there has been an expressed interest on behalf of show producers to add an additional show or shows to the market. However, given the oftentimes full event calendar at the Exhibition Hall and a planner's desire for specific dates, this additional event activity has not been possible.

While recently improved in terms of both quality and service, food service/catering at the Center is negatively affected by the current lack of a dedicated, sit down eating area adjacent to the Exhibition Hall floor. Suggestions include the development of a "food bistro" that could provide seating for 500 to 1,000 event attendees while offering a variety of food items including entrées, sandwiches, salads, soups, baked goods, etc.

Noted Market and Facility Strengths

- Ingress/egress associated with attending events at the Center is simple and convenient when compared to similar venues in other markets.
- The area surrounding the Center is perceived as clean, safe and easily navigable to vehicular traffic.
- User relationships with facility staff are overwhelmingly positive.
- Most of those contacted have already scheduled future bookings at Alliant Energy Center.
- Recent improvements to the quality and service of concession and catering operations have been well received.

Noted Market and Facility Weaknesses

- Alliant Energy Center rental and service rates are generally regarded as high when compared to rates charged in other markets and facilities.
- The amount of exhibit space provided at the Exhibition Hall has limited the ability of some events to grow (i.e., additional exhibitors, general sessions, etc.).
- The Center's inventory of smaller breakout meeting rooms is very limited, sometimes causing problems with certain meeting intensive groups.
- The hotel package surrounding the facility is often inadequate to meet room block demands among some major users.
- The $4.75 per car daily parking fee has resulted in complaints from a number of exhibitors, show organizers and event attendees and may have negative consequences on the amount that attendees are willing to spend on admission, concessions, etc.
- The supply of available parking is generally sufficient for most users; however, problems often arise during overlapping events.
- There is some level of dissatisfaction with the amount of dock, unloading and access space provided at the facility.
- There is a shortage of crate storage space at the back of the Exhibition Hall.

- The distance from the Exhibit Halls (Hall D especially) to the meeting rooms is sometimes regarded as being too far. Should additional meeting space be developed going forward, project planners may wish consider a location of added meeting space inventory that is proximate to Hall D and any other additional exhibit space that may be developed.
- The connecting door from the Clarion Suites can be problematic from a security management and show admittance perspective.
- Technology offerings (i.e., wireless Internet access, etc.) at the Center are not always up-to-date with respect to the latest industry trends.

Perceptions of Madison

In terms of their perceptions of Madison and its ability to serve as a host community for their event(s), overall, most public/consumer show respondents surveyed (with knowledge of Madison) indicated positive perceptions of the community, citing a relatively large population base, both locally and regionally, from which to draw event attendees. Madison's location at the intersection of two Interstates (90 and 94) allows for convenient access for non locals to the community. The community is a natural fit for a number of niche show markets, including but not limited to outdoor, sporting, fishing, camping, RV and other such segments.

Conclusions

Going forward, public/consumer shows are expected to remain a major component of the event base at the Alliant Energy Center. However, based on reviews of both historical event characteristics at the Center and interviews conducted as part of this research effort, constraints associated with the level of space provided at the Exhibition Hall are limiting the extent to which existing shows are able to grow, as well as the degree to which additional new shows can be added to the event calendar. Based on conversations with several producers of these types of events, including many current users of the Exhibition Hall, an additional 50,000 to 100,000 square feet of exhibit space is not an unreasonable target.

Based on conversations with organizers of public/consumer show events that are similar to existing shows being brought to the market by other promoters and are not currently being held at the Alliant Energy Center and a general knowledge of the industry, there appears to be little interest in duplicating efforts and/or competing for the same business.

Characteristics of Potential Convention and Tradeshow Event Activity

Conventions and tradeshows are events traditionally held by professional associations of international, national, regional, state or local scope that are often exhibit-focused and generally relate to a particular trade or trades. Many of these groups tend to hold large annual events that rotate among various destinations within a particular region. Large corporations oftentimes also hold industry conventions and tradeshows.

As discussed earlier in this report, the number of facility utilization days among conventions and public and private tradeshows held at the Alliant Energy Center has decreased each of the past three years, totaling approximately 77 days in 2005. In recent years, these events have accounted for between 21 and 28 percentage points of total exhibit space occupancy at the Center. In terms of total event attendance, while ranking behind public/consumer shows, conventions and tradeshows resulted more than 126,000 attendee days at the Exhibition Hall in 2005. Unlike public/consumer show discussed earlier, conventions and tradeshows often have a significant non-local attendee component, making them important generators of economic impact in the community.

As part of our market demand analysis process, we have interviewed planners of 17 individual convention and trade events, many of which are current users of the Alliant Energy Center's Exhibition Hall. Detailed interviews allowed us to better understand the existing and market potential for conventions as well as public and private tradeshows at the Alliant Energy Center. Information including event characteristics, room night generation, facility strengths and weaknesses, suggested facility improvements and the likelihood of future event booking at the Alliant Energy Center was obtained through this process. This portion of our market research is based on information provided by representatives of the following organizations:

- Outdoor Reps Association
- World Dairy Expo
- Midwest Winter Sports Representatives' Association
- Canoecopia
- Professional Dairy Producers of Wisconsin
- Wisconsin Jewelers Association
- Wisconsin Cheese Makers Association
- Wisconsin Fertilizer and Chemical Association
- Mid America Expositions
- Wisconsin Truck Expo
- Market Square

- BKC Dog Show
- Epic Systems
- Renewable Energy Fair – Midwest Renewable Energy Association
- Goldwing Riders Association – Annual Wing Ding
- Pheasants Forever
- Great Lakes Logging Congress

Information obtained throughout the interview process has allowed for the evaluation of event characteristics, facility requirements/needs, perceptions of Madison as a host community and other event related characteristics. A summary of these findings is presented on the following pages.

Event Characteristics and Interest Levels

On a per-event basis, total convention and tradeshow event attendance estimates among both current and potential events range widely, from a low of just 150 total attendees to high of more than 60,000, with the average such event attracting total attendance levels of approximately 10,000.

Unlike attendance characteristics associated with public/consumer shows, conventions and tradeshows often attract both attendees and exhibitors from around the country and sometimes even internationally. As an example, listed among the top 100 largest tradeshows in the United States by Tradeshow Week Magazine, World Dairy Expo is held at the Alliant Energy Center each fall. Based on conversations with show management, not only does this event utilize every available building at the Center, the five-day event generates approximately 60,000 total attendee days and includes participation from more than 800 corporations from more than 20 countries. In terms of room night generation, World Dairy Expo typically generates between 7,000 and 8,000 peak room nights in the Madison area. It is not uncommon for room blocks associated with this event to spread into nearby communities including Janesville, Verona and Johnson Creek.

Research also suggests that this characteristic of room night generation among conventions and tradeshows is not the case with several such events currently held at the Center. Specifically, events including the BKC Dog Show, Market Square and the Wisconsin Jewelry Expo attract a significant local and regional following, often generating fewer than 500 peak night hotel rooms. These respondents indicated an average tradeshow event consists of approximately three event (show) days and up to three move-in and move-out days.

Approximately 80 percent of convention and tradeshow event organizers contacted in our research effort indicated a high likelihood of hosting a future event at the Alliant Energy Center, with many events already booked years in advance. As will be discussed, there are several occurrences of events that have outgrown available space at the Alliant Energy Center, in addition to several cases where current space offerings may limit event growth going forward. Reasons for a potential lack of interest in the facility include a lack of suitable facilities to host the event(s) (in terms of available exhibit, meeting or ballroom space offerings), past booking experiences in Madison, a lack of area delegates or attendee base and rotational patterns that either do not include Madison or have already included Madison and do not rotate to the same market more than once.

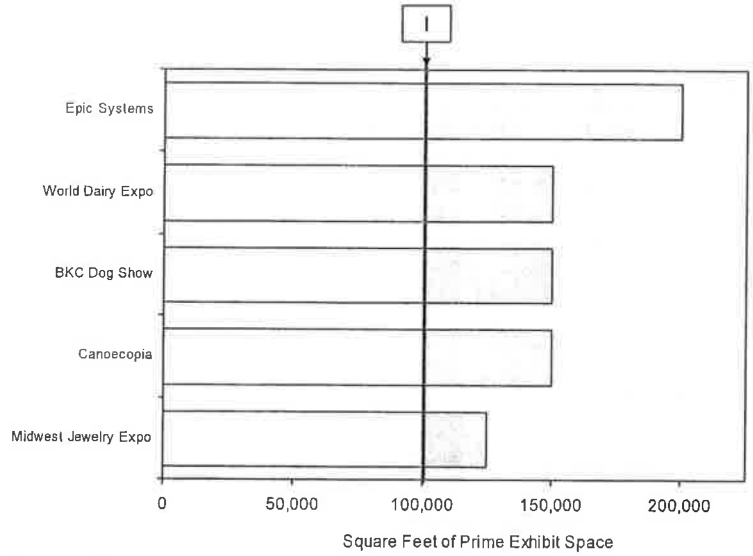
Facility Requirements/Needs

Approximately two-thirds of conventions and tradeshows represented in this analysis indicated that their event is expected to grow in the future, many of which are currently occupying all available exhibit space, oftentimes also filling lobby, hallway and other space. In addition to space provided in the Exhibition Hall, several conventions and tradeshows taking place at the Alliant Energy Center occupy other available facilities within the complex, including the Arena, Coliseum, barns and outdoor space. Given the overwhelming need for more space among several event organizers, many have adapted a creative approach in an effort to "create space." Examples of such endeavors have included the use of closet, concourse and even poolside space at the attached Clarion Suites. While other facilities within the complex provide some level of space suitable for hosting exhibit-based events (i.e., Arena, Coliseum), based on past experiences, the distance between the facilities has been a frequently voiced complaint among both exhibitors and event attendees.

Additionally, several show organizers would consider the creation of an additional event or events, should facility space levels and date availability allow. On more than one occasion, event organizers have contacted management of the Alliant Energy Center about this possibility and either space limitations or the lack of available dates have prohibited this activity.

Such space constraints within the Exhibition Hall have limited the ability of many of existing conventions and tradeshows to grow. Based on information provided by Alliant Energy Center facility management and producers of conventions and tradeshows currently held at the facility, we have summarized both current and potential exhibit space demand among a number of events currently experiencing limitations with respect to either inadequate space levels for their event(s) or a lack of available dates. It is important to note that this listing is not considered to be all inclusive. Exhibit V-2 summarizes our findings.

Exhibit V-2
Summary of Current and Potential Exhibit Space Demand –
Conventions and Tradeshows



(1) Current level of AEC exhibit space
Source: AEC and Show Management, 2006

As shown, we have identified five tradeshows that currently take place annually at the Alliant Energy Center and have an expressed need for additional exhibit space. Most noticeably, Epic Systems, a large local corporation that produces medical-related software and applications, currently occupies all available exhibition space for its annual Users Group Meeting. This annual event, which attracts an estimated 3,000 attendees, has indicated a need for an additional 100,000 gross square feet of exhibit space. Other large events, including World Dairy Expo, the BKC Dog Show and Canoecopia could likely occupy an additional 50,000 gross square feet per day, if available. Translated, demand among selected convention and tradeshow events currently occupying Exhibition Hall space could represent a total of approximately 1.2 million additional sold square feet each year.

Unlike public/consumer shows, many conventions and tradeshows have specific requirements with regard to breakout meeting space, banquet/general session facilities and other facility components. In fact, several show planners have suggested that any future improvements to the Center should include the development of additional meeting space capacity and some level of ballroom/general session space. The Center's limited inventory of meeting space and lack of a ballroom/general session component has resulted in certain activities (i.e., seminars, food and beverage functions, parties, product launches, and other special events) being held off-site by tradeshows currently taking place at the Alliant Energy Center. The logistical issues associated with shuttling attendees to other parts of the City have translated to less than ideal participation levels in these events. As such, several event planners have expressed the desire to keep these events "under one roof", at the Alliant Energy Center, if possible.

Additionally, examples of other desired facility amenities cited among tradeshow producers interviewed include the following:

- Enhanced pipe and drape offerings/capabilities;
- Increases to quality and variety of food options;
- Appropriate inventory and location of restroom facilities; and
- Wireless Internet connectivity.

Noted Market and Facility Strengths

- The quality of service and professionalism of Alliant Energy Center staff was highly regarded among many users of the facility.
- The supply of available parking is generally sufficient for most users.
- Recent improvements to the quality of food service provided at the Center have been well-received.

Noted Market and Facility Weaknesses

- The amount of exhibit space provided at the Exhibition Hall has limited the ability of some events to grow.
- The Center's inventory of smaller breakout meeting rooms is very limited, sometimes causing problems with certain meeting intensive groups.
- The many entrances to the Exhibition Hall have resulted in difficulty controlling access to only paid event attendees.
- High associated costs with facility rental and provided services may be negatively affecting the venue's appeal among some users wishing to book additional events at the Center. Further increases my result in some events exploring other options for host venues.
- Facility rental rates are particularly high for non-profit organizations.
- For certain large events, event staffing levels provided by the Center may be inadequate.
- The lack of bathroom facilities in the lobby area has been a noted concern among event organizers and attendees.

- The distance from the Exhibit Halls (Hall D especially) to the meeting rooms is sometimes regarded as being too far. Should additional meeting space be developed going forward, project planners may wish consider a location of added meeting space inventory that is proximate to Hall D and any other additional exhibit space that may be developed.
- Technology offerings (i.e., wireless Internet access, etc.) at the Center are not always up-to-date with respect to the latest industry trends.
- The lack of a large (i.e., 450-room) headquarter hotel property my limit interest among some potential tradeshow planners.
- The hotel package surrounding the facility is often inadequate to meet multi-property room block demands among some major users.

Perceptions of Madison

The majority of convention and tradeshow organizers interviewed indicated positive perceptions of the community. One particular issue relates to the community's accessibility among non-local exhibitors at and attendees of certain tradeshows. While Madison provides convenient Interstate access to two major thoroughfares, air access into the community often involves high relative costs and numerous layovers in other markets.

Additionally, given the propensity for conventions and tradeshows to generate room nights in the host community, it is not uncommon for these events to need six to eight hotel properties over which to spread necessary room blocks. The dispersed nature of the hotel inventory in Madison and the relatively small base of rooms available within walking distance of the Alliant Energy Center were noted concerns among those familiar with the local market.

Conclusions

Based on analysis conducted throughout this study process, including historical operations analysis and detailed interviews with convention and tradeshow event producers comprising both current and potential Alliant Energy Center users, constraints associated with both date availability and the level of exhibit space provided at the Exhibition Hall are limiting the extent to which existing shows are able to grow, as well as the degree to which additional new shows can be created. Conversely, challenges that exist relative to attracting and retaining conventions and tradeshows relate not only to facility square footage and date requirements, but also include the lack of hotel rooms proximate to the Center and the limited direct air access. Other observations based on our assessments include a relatively small local corporate base from which to draw events and the lack of a fully developed entertainment district immediately adjacent to the

Center. These characteristics will continue to impact the types, size and number of events that the Center is able to attract.

To accomplish growth in existing event activity, and to attract the modest potential for added event activity, added space would be necessary. This would include both exhibit and meeting/ballroom space. In an effort to maintain the current ratio of exhibit to meeting space at the Alliant Energy Center (approximately 4.9) future enhancement to exhibit space offerings totaling 50,000 may include more than 10,000 additional square feet of meetings space. Further, development of 100,000 additional square feet of exhibit space may warrant an additional 20,000 square feet of meeting space.

Based on conversations with convention and tradeshow event planners, space suitable for 1,000 people in a banquet setting would facilitate the majority of tradeshow event needs. Applying a multiplier of approximately 15 square feet per person under this configuration, a contiguous ballroom/general session space measuring 15,000 square feet may enable the Center to retain several event activities that are currently being held off-site, as well as allow for the potential capture of events that require such space and are not presently held at the Alliant Energy Center. Rather than consider stand-alone (and expensive) banquet space, a portion of an existing or added exhibit hall could be fitted with improved floor covering, wall treatment and lighting.

Characteristics of Potential Agricultural and Equestrian/Livestock Event Activity

The multipurpose nature of the Alliant Energy Center allows for the capture of a wide variety of event types, including agricultural and equestrian/ livestock and related events. Historically, events of this nature have generated significant use of facilities within the complex, including the Arena, Coliseum, barns, exercise areas and, to a lesser extent, Exhibition Hall and Conference Center facilities. Although these types of events have not have not generated significant use of exhibit and meeting space at the Center in the past, Madison's reputation in related industries including agribusiness and related bioscience, biotechnology, and natural resources may position the market as a prime location to host various flat floor events associated with these industries.

Market demand analysis of equestrian, livestock and agricultural related events consisted of interviews with event planners from 12 organizations within this market segment, representing more than 30 individual events. Again, many of those contacted are current users of the Alliant Energy Center's Exhibition Hall and Conference Center facilities. Based on these conversations, we have assembled primary research as to individual event characteristics including space requirements, room night generation, facility strengths and weaknesses, suggested facility improvements and the likelihood of future event booking at the Alliant Energy Center.

Findings presented herein are representative of information provided by event planners of following organizations:

- Wisconsin Holstein Association
- Wisconsin Quarter Horse Association
- National Rabbit Breeders Association
- American Association of Bovine Practitioners
- Midwest Horse Fair
- Bou-Matic Diary Equipment
- Midwest Equipment Dealers
- Great Midwest Alpaca Festival
- Bayer Crop Science
- Kuhn Knight
- Great Lakes Arabian Horse Auction
- ABS Global

Event Characteristics and Interest Levels

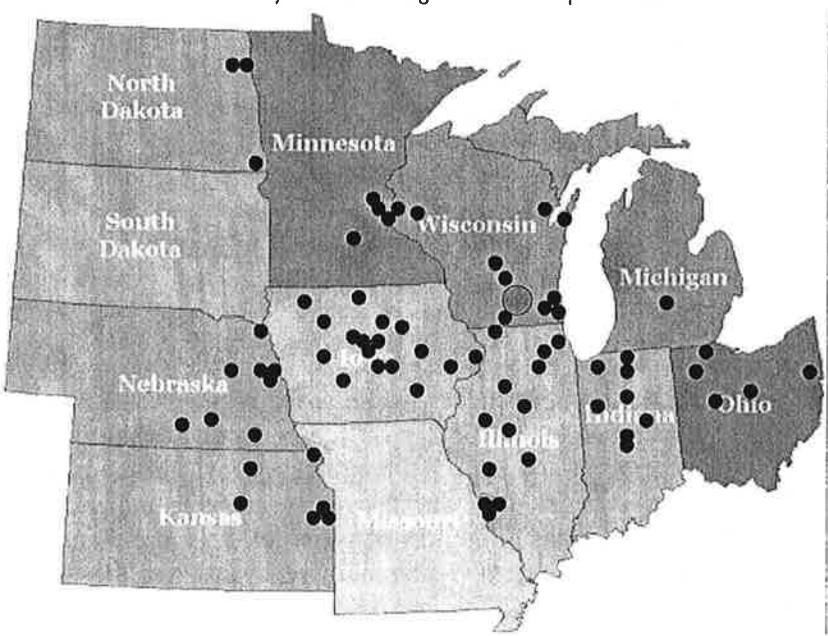
Event characteristics vary widely among these types of events, attracting anywhere from a few hundred to several thousand attendees, while space requirements may include the use of several barns, to as much as 200,000 gross square feet of exhibit space. Several event organizers indicated recent and expected continued growth in their events. While the majority of equestrian/livestock/agricultural event organizers indicated satisfaction with available space offerings at the Alliant Energy Center, on more than one occasion, related events have outgrown the current Center and would only consider future usage if more space were made available.

Many of these events generate a largely non-local attendee base, with several events indicating that more than 70 percent of their attendees are estimated to be non-local. In terms of room night generation, it is not uncommon for events of this nature to occupy more than 500 peak room nights. Potential events indicated, on average, that their events would consist of two event (show) days, in addition to 1.5 move-in/move-out days.

Reasons for a potential lack of interest in hosting future events at the Alliant Energy Center include: date availability at the Center, lack of need for off-site event facilities, high facility rental rates and competition among existing events held in the area. Among non-local corporate events with an agricultural base, Madison's location relative to corporate headquarters prevents hosting an event in Madison. In general, based on information gathered throughout the interview process, conversations with CVB staff and industry experience, the ability of the Alliant Energy Center to attract increased levels of event activity among equestrian/livestock/agricultural events is limited, especially among non-local corporations and organizations.

In terms of Madison's potential to attract corporate events with an agricultural base, based on conversations with both event organizers and CVB staff, Madison's location relative to corporate headquarters plays a large role in offsite event site selection. As such, we have prepared a map of major agricultural corporations headquartered in the Midwest, plotting their location relative to Madison. Exhibit V-3 presents this illustration.

Exhibit V-3
Location of Major Midwest Agricultural Corporations



Source: AgriMarketing Services Guide, 2006

Based on information provided by AgriMarketing Magazine, the Midwest region contains the highest concentration of agricultural corporations in the United States. While this is true, the potential for off-site events to be held in Madison is rather small. As shown, Wisconsin is home to approximately ten major agricultural-related businesses. While none of these organizations have operations in Madison, several are located in the southern part of the state, in relative close proximity to Madison. It is likely that these corporations represent a significant portion of potential corporate agricultural event base available to the Alliant Energy Center. However, more often than not, these corporations do not hold offsite events, resulting in rather limited event potential.

Facility Requirements/Needs

Survey respondents were also asked about their requirements for such facilities as horse/livestock stalls, an arena, show rings, exhibit and meeting space and other general characteristics for facilities they may use for future events. For purposes of this analysis, a particular focus was placed on the need for exhibit and meeting space.

Approximately 90 percent of all respondents indicated that existing facilities within the complex are generally sufficient for the majority of both existing and potential events at the Alliant Energy Center. With few exceptions, exhibit space needs among this event segment are less than the 100,000 square feet provided, while meeting space requirements are often fewer than the 20,000 square feet currently available. In fact, approximately potential equestrian, livestock and agricultural events indicated that they would not use a traditional exhibition facility, such as the Exhibition Hall. Other facility characteristics and considerations by potential users of an expanded Alliant Energy Center are discussed below.

Noted Market and Facility Strengths

- The location of the Alliant Energy Center, specifically it's proximity to downtown Madison and U.S. Interstates 90 and 94 contribute to its success as a host venue for events of this variety.
- Lighting and ventilation on the Exhibition Hall floor is very consistent throughout and was noted as a positive characteristic of the facility by a number of users.
- The proximity and availability of parking at the Center is a definite advantage over other competitive and comparable exhibition venues.
- Recent improvements to food service offerings at the Center have been well-received by attendees and show staff.
- The Exhibition Hall is a modern, user-friendly facility.
- Alliant Energy Center staff is very reliable, professional and helpful.

Noted Market and Facility Weaknesses

- Facility rental rates are high when compared to similar venues in other nationwide markets.
- The ability of the Center to accommodate necessary event dates is becoming increasingly difficult.

- Hotel costs in Madison are perceived as high among many event attendees, resulting in use of hotel properties in neighboring communities.
- Dealing with the limited inventory of hotel rooms near the Center is always a challenge.
- Future enhancements to the Exhibition Hall should address the issue of attendee entrance, and should consider additional access points than just the main lobby.
- Available carpeting and drapery offerings are currently quite limited at the Center.
- Flooring options available in the Exhibition Hall may not be conducive to footing requirements among certain live animal events.
- Date availability at the Exhibition Hall continues to be a challenge among some users wishing to book space.
- The number of stalls and barn space is viewed as limited among certain large events, particularly in the case of the annual World Dairy Expo.

Perceptions of Madison

In terms of their perceptions of Madison and its ability to serve as a host community for their event(s), many equestrian/livestock/agricultural event producers cited the community's reputation as an emerging agricultural and bioscience hub as a positive attribute with respect to their industry. Issues including the large regional population base, air and road accessibility and the inventory and variety of local flat floor event facilities within the Alliant Energy Center continue to position the market favorably. However, concerns related to high perceived costs associated with the market (including hotel room and facility rental rates) and the hotel base proximate to the Alliant Energy Center continue to be important attributes that may negatively affect decision making among with regard to host site selection going forward.

Conclusions

Based on the primary market research conducted in this effort, future improvements to the Alliant Energy Center, including the expansion of Exhibition Hall and Conference Center facilities, are not likely to have significant effects on the number of agricultural and equestrian/livestock events accommodated at the Center going forward. As stated earlier, while many existing facility users of this type are satisfied with current facility offerings and square footage levels available within the complex (i.e., Exhibition Hall, Arena and Coliseum) other challenges with respect to the Center's ability to successfully accommodate such events include date availability, proximate hotel inventory, facility rental rates. Additionally, the market for corporate events in this industry is likely to continue to be limited primarily to local and regional corporations with either headquarters or significant operations in or around Madison.

Characteristics of Potential State and Regional Event Activity

State and regional organizations often produce a number of off-site events that are traditionally held at conference, convention, exhibition and meeting facilities in various markets throughout the greater Wisconsin region. Examples of such events include meetings, conferences, conventions, tradeshows, banquets, lectures, parties and other special events.

The identified population of state and regional groups in and around Wisconsin is estimated to approximate 270, with roughly two-thirds producing recurring off-site events. In order to access the potential state and regional event market for the Alliant Energy Center, a detailed telephone survey was conducted with convention, conference, tradeshow and meeting planners of more than 100 state and regional groups representing key event segments that could use a potentially expanded Alliant Energy Center.

Surveyed groups included professional associations, SMERF (social, military, education, religious, fraternal) groups and other producers of recurring, rotating events. Given Madison's status as the capitol of the State of Wisconsin, several of these events have a rotation that includes (and is sometimes limited to) Madison. In fact, based on our research, approximately 84 percent of those surveyed indicated past use of Madison event facilities. However, as will be discussed throughout this section, given the size and facility needs associated with many of these groups, the Alliant Energy Center does not always represent a suitable host venue.

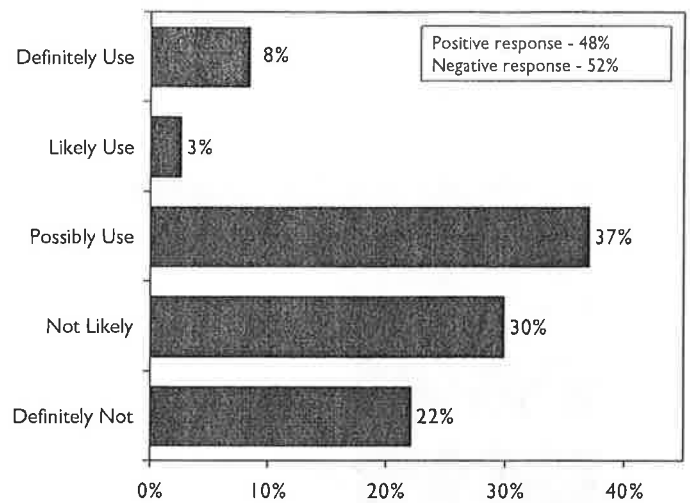
The surveys were conducted to assess the likelihood that event planners would hold a future event at an expanded Alliant Energy Center and to generate information regarding the characteristics of individual events, including room night generation, amenities sought in a host facility, suggested facility improvements and the likelihood of future event booking Alliant Energy Center, assuming improvements are made. Specifically, this analysis is based on information provided by representatives of the following organizations:

American Council of Engineering Companies of Wisconsin
American Institute of Architects - Wisconsin
Associated General Contractors of Wisconsin
Coalition of Wisconsin Aging Groups
Community Bankers of Wisconsin
Craft Fair USA
Independent Business Association of Wisconsin
International Association of Electrical Inspectors
Job's Daughters
League of Wisconsin Municipalities
Midwest Food Processors Association
Municipal Electric Utilities of Wisconsin
National Association of Social Workers - Wisconsin
National Electrical Contractors Association of Wisconsin
Outdoor Advertising Association of Wisconsin
Pharmacy Society of Wisconsin
Professional Insurance Agents of Wisconsin
Rehabilitation For Wisconsin
Residential Services Association of Wisconsin
Rotary International of WI
Sheet Metal and Air Conditioning Contractors Assoc
South-Central Synod of Wisconsin
Tavern League of Wisconsin
Timber Producers Association of Michigan and Wisconsin
Transportation Development Association of Wisconsin
Wisconsin Academy of Trial Lawyers
Wisconsin Alliance of Cities
Wisconsin Alliance of Hearing Professionals
Wisconsin American Legion
Wisconsin Assisted Living Association
Wisconsin Association for Food Protection
Wisconsin Association for Prenatal Care
Wisconsin Association of Campground Owners
Wisconsin Association of Health Plans
Wisconsin Association of Health Underwriters
Wisconsin Association of Home Inspectors
Wisconsin Association of Homes and Services
Wisconsin Association of Independent Colleges
Wisconsin Association of Insurance and Financial Administrators
Wisconsin Association of Mortgage Brokers
Wisconsin Association of School District Administrators
Wisconsin Auto Collision Technicians Association
Wisconsin Automobile and Truck Dealers Association
Wisconsin Automotive Parts Association
Wisconsin Broadcasters Association
Wisconsin Cheese Makers Association
Wisconsin Chiefs of Police Association
Wisconsin Christmas Tree Producers Association
Wisconsin City/County Management Association
Wisconsin Collectors Association
Wisconsin Council of County and Municipal Employees
Wisconsin Credit Union League
Wisconsin Crop Improvement Association
Wisconsin Dairy Products Association
Wisconsin Deferred Deposit Association
Wisconsin Education Association Council
Wisconsin Electric Cooperative Association
Wisconsin Federation of Cooperatives
Wisconsin Health Care Association
Wisconsin Health Information Management Association
Wisconsin Hospital Association
Wisconsin Innkeepers Association
Wisconsin Interscholastic Athletic Association
Wisconsin Land and Water Conservation Association
Wisconsin Land Title Association
Wisconsin League for Nursing
Wisconsin Library Association
Wisconsin Manufactured Housing Association
Wisconsin Manufacturers and Commerce
Wisconsin Motor Carriers Association
Wisconsin Occupational Therapy Association
Wisconsin Onsite Wastewater Recycling Association
Wisconsin Paper Council
Wisconsin Park and Recreation Association
Wisconsin Petroleum Marketers & Convenience Store
Wisconsin Physical Therapy Association
Wisconsin Pork Producers Association
Wisconsin Primary Health Care Association
Wisconsin Professional Photographers Association
Wisconsin Professional Police Association
Wisconsin Propane Gas Association
Wisconsin Psychiatric Association
Wisconsin Psychological Association
Wisconsin Quarter Horse Association
Wisconsin Ready Mixed Concrete Association
Wisconsin Realtors Association
Wisconsin Rental Dealers Association
Wisconsin Restaurant Association
Wisconsin Rural Water Association
Wisconsin School Music Association
Wisconsin Sheriffs and Deputy Sheriffs Association
Wisconsin Society of Enrolled Agents
Wisconsin Society of Obstetrics and Gynecology
Wisconsin Society of Professional Engineers
Wisconsin State Telecommunications Association
Wisconsin Towns Association
Wisconsin Utilities Association
Wisconsin Veterinary Medical Association
Wisconsin Water Association
Wisconsin Woodland Owners Association

Event Characteristics and Interest Levels

Following several introductory questions, state and regional organization respondents were asked to indicate the likelihood of their organization using an expanded Alliant Energy Center, assuming the facility met the needs of their event(s). Responses related to state and regional organizations surveyed are presented in Exhibit V-4.

Exhibit V-4
Likelihood of Using the Alliant Energy Center –
State & Regional Events



Source: CSL Interviews, 2006

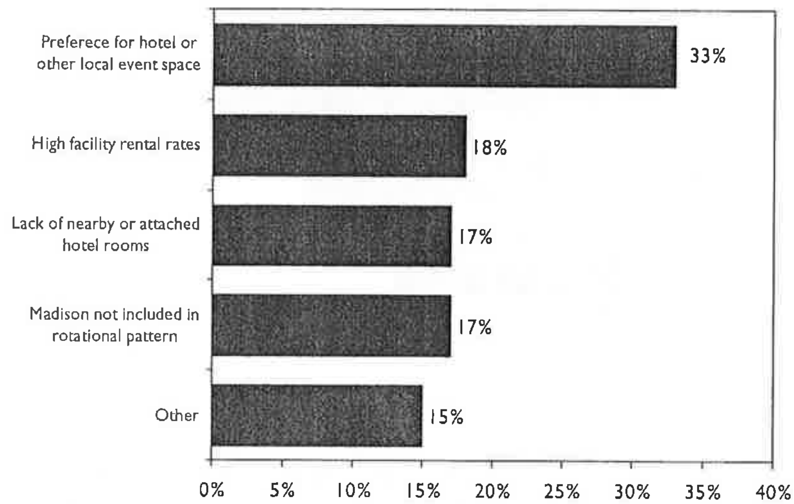
State and regional organization event planners were given various options of indicating interest in holding a future event at an expanded Alliant Energy Center from "definitely" to "definitely not" hold an event. Overall, interviews with state and regional organization representatives indicated a moderate interest in using the Center, assuming it met their needs.

A relatively small percentage of the noted positive interest (11 percent) can be viewed as "strong" interest (i.e., those that indicated they would either "definitely" or "likely" hold an event at the Center, rather than "possibly"). The cumulative positive response ("definitely", "likely" and "possibly" use) totaled 48 percent, with 37 percent of state and regional organizations surveyed indicating that they would possibly utilize the Center. Conversely, approximately 52 percent of all respondents indicated a lack of interest in utilizing the Alliant Energy Center as a host facility for their future event(s).

Interestingly, just 14 percent of those interviewed that have hosted an event in Madison have utilized the Alliant Energy Center as a host facility. This compares to 27 percent having reported past use of the Monona Terrace Convention Center. The remaining 59 percent indicated past use of local hotels including the Marriott West, Holiday Inn, Sheraton and Concourse.

Event planners who indicated that they would not likely use the Alliant Energy Center in the future were asked to expand on their reasons. Based on survey results, reasons for not likely rotating to the Center for a future event varied among respondents. A graphical summary of the reasons that state and regional organization planners indicated for not anticipating choosing the Alliant Energy Center as a future destination are illustrated in Exhibit V-5.

Exhibit V-5
Likelihood of Using the Alliant Energy Center –
State & Regional Events



Source: CSL Interviews, 2006

As shown, the majority of state and regional organizations stated that the main reason they would not likely elect to hold their events at the Alliant Energy Center is due to their preference for hotel or other local event facilities. Other common reasons for a lack of interest in the facility include the high perceived rates associated with facility rental, the relative lack of nearby or attached hotel rooms and specific rotational policies that do not include Madison.

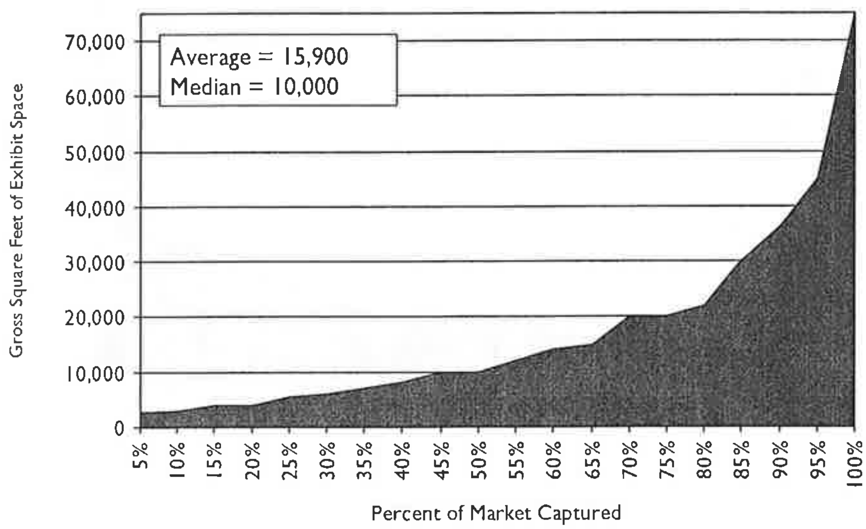
Hotel Requirements and Demand

As discussed above and throughout this report, the hotel base surrounding the Alliant Energy Center continues to limit the facility's ability to attract and retain certain events attracting a significant non-local delegate/attendee base. Based on interview results, approximately 88 percent positive respondents require a headquarter hotel for their event(s). Naturally, 100 percent of the market is satisfied if only one hotel is required to accommodate a room block; however, approximately 46 percent of the surveyed state and regional organization market would be willing to assemble a room block in up to two properties. Approximately 28 percent of those with an interest in the Center would be willing to utilize three or fewer hotel properties to host their delegates. If four or more properties are required to assemble a room block, approximately 84 percent of this segment of the market would be difficult to compete for.

As mentioned earlier in this report the three hotel properties closest to the Alliant Energy Center (the Clarion Suites, Sheraton and Holiday Inn Express), provide a total of 504 rooms within three blocks of the complex. This data is useful in assessing the suitability of the current room block in accommodating current and potential future demand for facility space, as discussed later in this report.

To begin to gauge exhibit space requirements, state and regional organization event planners expressing a potential interest in the Alliant Energy Center were first asked to estimate the average exhibit space levels associated with their events. Results of our analysis is summarized in Exhibit V-6.

Exhibit V-6
Summary of Exhibit Space Demand –
State & Regional Events



Note: Data includes only events representing the potential market for Alliant Energy Center.
Source: CSL Interviews, 2006

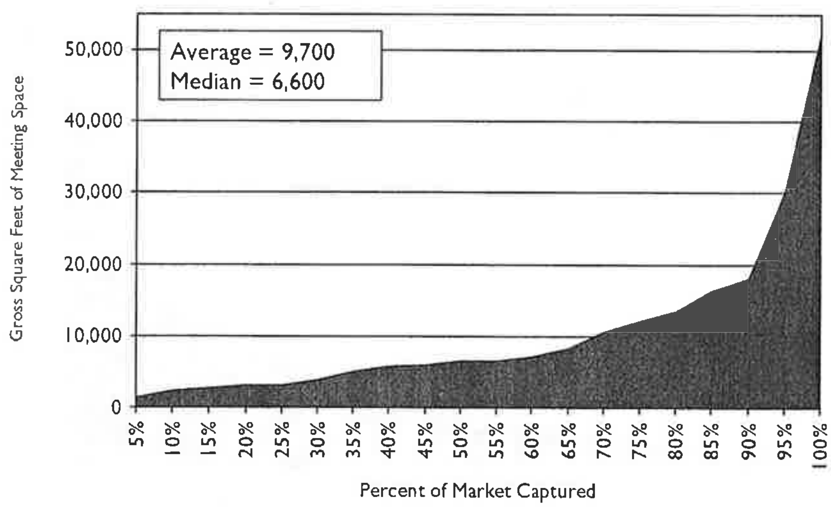
Approximately 78 percent of those questioned require some level of exhibit space during their event(s). As shown in the exhibit, the average state and regional organization event with a positive interest in the Center generates usage of approximately 15,900 square feet of exhibit space, or fewer than 16 percent of current space offerings at the Center. Fifty percent of the facility's potential state and regional organization market consists of events utilizing 10,000 square feet of exhibit space or less, while 36,400 available square feet would satisfy an estimated 90 percent of the potential state and regional event market.

Generally, a 90 percent capture of an area's potential event market is considered desirable and often represents a target for facility sizing purposes.

Because meeting room space can be used for many different purposes, actual square footage requirements can vary considerably. As stated earlier in this report, currently the Center incorporates approximately 20,400 square feet of dedicated meeting space. To estimate square footage levels, the space required to accommodate various percentages of potential market demand was considered.

Interested state and regional convention and tradeshow event planners were also asked to estimate the average meeting space levels for their respective events. Responses are presented in Exhibit V-7.

Exhibit V-7
Summary of Meeting Space Demand
State & Regional Events



Note: Data includes only events representing the potential market for Alliant Energy Center.
Source: CSL Interviews, 2006

As shown, the average state and regional event with a positive interest in the Center utilizes approximately 9,700 square feet of meeting space. Fifty percent of the Center's potential state and regional market consists of events requiring 6,500 or fewer square feet of meeting space, while an estimated 18,000 square feet is needed to host 90 percent of the potential event market. Current space totals at the Center are able to facilitate the requirements of between 90 and 95 percent of any single event.

The use of ballroom/general session space is changing within the industry to include general session, presentation, lecture and other related functions. Based on our analysis, approximately 84 percent of interested event planners require some level of dedicated ballroom/general session space in a host facility for their event(s). Among these events, an average of 380 persons would attend each event's respective largest food function.

The average state and regional event with a potential interest in the Alliant Energy Center as a host venue generates usage of approximately 5,700 square feet of ballroom space. Fifty percent of the potential facility's interested national and regional market consists of events utilizing 4,500 or less square feet of ballroom space. This compares to the 15,000 square feet of ballroom space is needed to accommodate 90 percent of the potential state and regional event market.

As mentioned earlier in this report, the current Alliant Energy Center doe not incorporate any level of dedicated ballroom/general session space, as was the case with nearly half of the competitive and comparable facilities reviewed.

Conclusions

While the state and regional event market has not historically comprised a significant amount of facility utilization days at the Alliant Energy Center, based on survey results, there is a modest "potential" level of interest among such organizations in potentially hosting a future event(s) at the Center. From a space capacity standpoint, current exhibit and meeting space offerings at the Center are generally sufficient to accommodate the majority of state and regional events with a potential interest in the Center. The fact that an estimated 84 percent of potential state and regional events require a ballroom may present some challenges with respect to attracting additional events within this segment.

Perhaps more important, however, is the fact that other existing local facilities are also able to, and often do accommodate much of this demand. Specifically, the Monona Terrace Convention Center offers nearly 63,000 sellable square feet of flat floor event space, including two ballrooms and approximately 37,000 square feet of exhibit space. Additionally, the 292-room Marriott Madison West provides approximately 46,000 square feet of sellable space, including a contiguous 29,000-square foot exhibition facility. Together, these and other local facilities frequently host a number of state and regional events, including meetings, conferences, banquets, conventions, light tradeshows, general sessions, etc.

Based on information provided within this section, and the space offerings and event focus of the Alliant Energy Center, the state and regional event market is not expected to be a major contributor of additional event activity at an expanded Exhibition Hall.

Characteristics of Potential Religious Event Activity

The religious event market continues to be a significant source of event activity at many public assembly facilities throughout the United States. Based on information provided by the Religious Conference Management Association ("RCMA"), it is estimated that more than 16,000 religious events took place in the United States in 2004, an increase of more than eight percent over 2003 levels. This increase comes after a six percent increase between 2002 and 2003. Examples of events within this segment often include board and committee meetings, member and group gatherings, educational conferences, retreats, services and other such events. Importantly, with respect to economic impact generation among these events, religious functions tend to be more sensitive to cost aspects than association and corporate groups and often include large amounts of youth attendees.

While a limited amount of religious events continue to take place at the Alliant Energy Center each year, such events have not been a major focus of sales efforts on behalf of either the CVB or facility sales staff. As part of our market demand assessment, we have we have interviewed event planners and organization management of five national and regional religious organizations, representing several thousand individual events. Specifically, this analysis is based on information provided by representatives of the following organizations:

- Religious Conference Management Association
- Interfaith Hospitality Network
- South-Central Synod of Wisconsin
- Church of God
- Church of Nazarine

Each year, the RCMA conducts a survey of its more than 3,000 members in effort to broadly access the overall market. Based on the results of the 2005 survey, in 2004, more than 16 million people attended religious meetings held by RCMA organizations. This compares to just 4.4 million in ten years prior, in 1994. Exhibits V-6 through V-10 on this and the following pages present selected applicable survey results.

Exhibit V-8 outlines the number of religious meetings held, by event type, for survey respondents for 2003 and 2004.

Exhibit V-8
Religious Event Summary

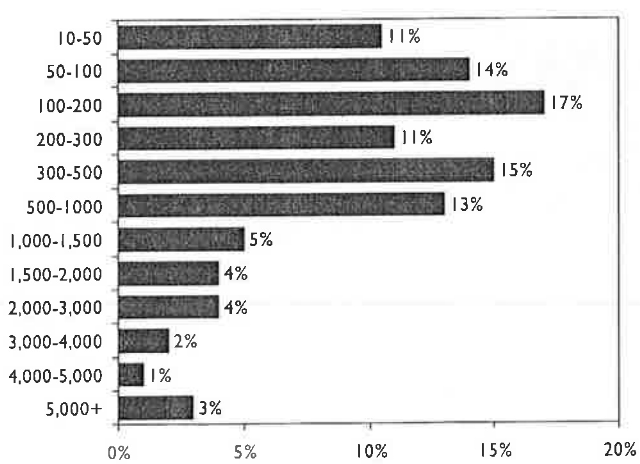
	2003	2004
Convention/Conference	3,981	3,797
Board	2,570	2,741
Committee/Seminar	5,265	5,674
Retreat	1,740	1,592
Other	1,408	2,410
Total	**14,964**	**16,214**

Source: Religious Conference Management Association, 2005

As shown, the total number of religious events held (among members) in 2004 approximated 16,214, an increase of 1,250 individual events (or more than eight percent) from 2003 levels. Committee meetings and seminars make up a significant portion of those meetings, with nearly 5,700 taking place in 2004. Conventions and conferences ranked second in 2004, with nearly than 3,800 such functions occurring in 2004. Board meetings and other events continue to gain in popularity among members as well.

Exhibit V-9 provides a summary of the number of sleeping rooms required by religious events for 2004.

Exhibit V-9
Religious Events –
Number of Sleeping Rooms Required



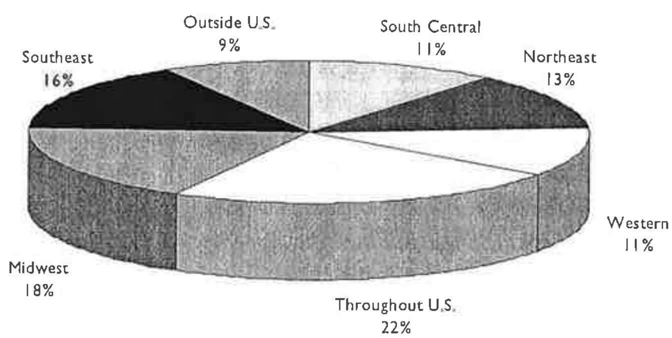
Source: Religious Conference Management Association, 2005

As outlined, approximately 17 percent of those surveyed require between 100 and 200 hotel rooms for the peak night of their event(s). Groups requiring between 300 and 500 rooms ranked second, at approximately 15 percent. Just one percent of those interviewed require between 4,000 and 5,000 rooms, while three percent utilize in excess of 5,000 rooms. The combined six percent that utilize 3,000 or more rooms comprise a very significant piece of business. Representing approximately 970 individual events averaging at least four days in length, this seemingly small percentage translates into more than 14 million room nights.

With respect to the available hotel inventory proximate to the Alliant Energy Center, the 504 total rooms available within the Clarion Suites, Sheraton and Holiday Inn Express properties could potentially accommodate up to 68 percent of the religious event market. However, the number of committable rooms available among these properties often approximates 250 rooms, in which case slightly more than half of such event activity could be accommodated. Given the price sensitivity generally associated with these groups and the high relative costs of these properties when compared to other local lodging options, it is entirely possible that many religious event organizers would seek less expensive, perhaps outlying hotel options and would consider shuttling to/from the host venue.

Exhibit V-10 summarizes the locations of various religious events hosted by RCMA members in 2004.

Exhibit V-10
Religious Events -
Summary of Event Locations (2004)



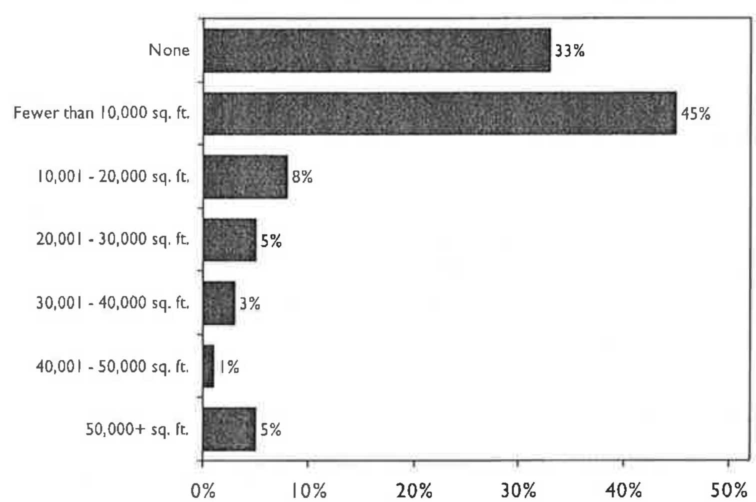
Source: Religious Conference Management Association, 2005

As detailed, the Midwest holds the most religious events, by region, accounting for approximately 18 percent of the total. The Southeast region, close behind, hosted approximately 16 percent of all religious meetings, while the Northeastern United States hosted approximately 13 percent. Western and South Central states each hosted 11 percent. Approximately nine percent of survey respondents hold their event(s) outside of the United States.

While the Midwest region continues to host significant numbers of religious events, based on conversations with RCMA management, the majority of these events are held in Tier-1 and 2 markets, often including Indianapolis, Cincinnati, Chicago, Denver, Kansas City, Minneapolis, etc. Reasons for such considerations include Interstate and air access, hotel inventory, entertainment/visitor amenities and a larger population base from which to draw attendees, sponsor churches and volunteers.

Exhibit V-11 provides a summary of gross exhibit space requirements among religious events in 2004.

Exhibit V-11
Religious Events –
Gross Exhibit Space Square Footage Requirements



Source: Religious Conference Management Association, 2005

As outlined above, the vast majority (78 percent) of religious events surveyed indicated that either they do not utilize exhibit space, or have gross square footage requirements of fewer than 10,000 square feet. An estimated 33 percent did not hold exhibits or tradeshows in 2004. On the high end, an estimated five percent of survey respondents indicated the need for 50,000 or more gross square feet. Assuming more than 16,200 total events and an estimated four facility utilization days per event, this translates to more than 800 individual events representing several million sold square feet of exhibit space per annum. When compared to 2003 data, exhibit space requirements among member organizations remained little changed.

While the Alliant Energy Center clearly provides enough exhibit space square footage to accommodate nearly all religious events requiring such space, other facility and community limitations including the lack of dedicated ballroom/general session space, relatively limited breakout meeting space offerings, the size of the proximate hotel inventory and the generally low economic impact per attendee associated with these types of events will likely impact the ability and desire to attract added event activity in the religious market segment.

Conclusions

The market potential for religious events that could utilize Alliant Energy Center facilities in the future is large. In fact, this market is virtually unquantifiable given the fact that the RCMA alone consists of more than 1,400 event organizers planning events for more than four million annual event attendees. Challenges that exist relative to attracting religious events include the relative lack of hotel rooms attached to or in very close proximately with the Center and the limited direct air access and associated flight costs. Other observations based on our assessments include the lack of ballroom/general session space and the lack of an entertainment district immediately adjacent to the Center. These characteristics will continue to impact the types, size and number of religious events that the Center is able to attract.

Several of these issues would likely have the most significant effects on the largest events within this market (i.e., national conventions), many of which would not consider Madison as a host market for a number of reasons. Based on interviews with event planners, the community's ability to suit smaller regional or more focused events within this segment appears good. However, traditional exhibition facilities such as the Center's Exhibition Hall are often not the most desired types of facilities among planners of these events. As such, other local event facilities, including the Monona Terrace Convention Center and the Marriott Madison West, may better suit the facility and amenity requirements sought. Even here, price sensitivity of the religious market segment may impact event capture.

Characteristics of Potential Sporting Event Activity

Children's and amateur sporting event activity can have measurable, lasting effects on a community and is important for local tourism. In fact, in some cases, athletic tournaments generate as much economic impact on the community as a large convention or tradeshow. On a national level, based on information provided by the Travel Industry

Association of America, more than 75 million people traveled 50 miles or more one way to attend an organized sporting event in the past five years.

Such travel has measurable, stimulating effects on hotel tax generation, as sports related travel generates an estimated total of 46.2 million room nights annually. The National Association of Sports Commissions estimates that there are more than 2,000 annual events available for bid nationwide.

The attraction of these events also has non-quantifiable impacts, including strengthening the city's image and reputation both nationally and internationally through positive exposure, as well as enhancing the quality of life among local residents by developing and/or implementing specific programming opportunities for area youth. Further, the acceptable hotel room rate among these groups is often less than that charged by downtown hotels. This supports the outlying, less expensive hotel base in the community, often outside of the downtown core. Additionally, athletic events occur in all months of the year and can act to support hotel and other aspects of the hospitality industry during otherwise slow periods.

A number of multipurpose facilities often accommodate certain types of sporting events in addition to more traditional exhibit and meeting-focused events. Potential sporting events may include amateur, high school, and collegiate boys/girls basketball, volleyball, wrestling, indoor soccer and other such events. With regard to the Alliant Energy Center, the Exhibition Hall has hosted very limited amounts of sporting event activity in recent years, generally ranging from zero to five events per annum.

As part of our market demand analysis, we have assembled primary research as to individual event characteristics, market and facility perceptions, suggested facility improvements and the likelihood of future event booking the Exhibition Hall at Alliant Energy Center. Specifically, this analysis is based on information provided by representatives of the Wisconsin Sports Development Corporation and the Wisconsin Interscholastic Athletic Association. Combined, these organizations produce and market hundreds of individual athletic events throughout the state.

The Wisconsin Sports Development Corporation ("WSDC") serves as the primary sports marketing agent for the community. The WSDC helps develop sports tourism in Wisconsin and promotes positive lifestyles and physical fitness through amateur athletic events and health educational programs. The independent, nonprofit organization is supported through sponsorships and athlete fees. In an effort to gauge potential demand for sporting event activity at the Alliant Energy Center, with particular regard to the Exhibition Hall, CSL conducted an interview with WSDC management.

Sporting events organized by the WSDC attract thousands of visitors bringing millions of dollars to various markets within the state. Such increased visitation adds financial resources to these communities by spending on hotels, restaurants, attractions, and merchandise. In fact, based on information provided by the WSDC, people attending, participating in and volunteering for WSDC events currently impact Wisconsin's economy by approximately $20 million each year.

In addition to assisting in bringing various athletic tournaments to communities throughout the state, the WSDC owns Badger State Winter and Summer Games, the Wisconsin Athletic Hall of Fame, Shape Up Wisconsin Kids, Lighten Up Wisconsin, Fit Kids Challenge and hosts Ironman Wisconsin and Paddle & Portage.

While the WSDC promotes and produces various athletic events throughout Wisconsin, relatively few of these events actually take place in Madison. Those that are held in Madison are frequently held either outdoors (often at public parks and outdoor sports complexes) or at public school facilities (i.e., gymnasiums, athletic fields, etc.). Several events organized by the WSDC, including golf, soccer, softball, track and field, tennis, etc. take place outdoors for obvious reasons. As costs are a constant concern in all WSDC event production and promotion, public school facilities are frequently utilized to host indoor athletic events in an effort to limit rental, labor, service, and other related expenses.

The WSDC has never hosted an indoor event at any Alliant Energy Center facility; however, limited event WSDC event activity has taken place outdoors at Willow Island, including the annual Ironman Wisconsin. Although the Alliant Energy Center's Exhibition Hall has never been occupied by WSDC-related events, based on conversations with facility management, the venue could be a natural fit for such flat floor events as volleyball, karate, wrestling and basketball. While the amount of available flat floor space and parking are likely adequate for all events that could utilize the facility, other issues and facility characteristics could limit potential WSDC interest in the facility. These include the following:

- At $4.75 per vehicle, parking at the venue is considered expensive, as many event attendees and participants are generally accustomed to free parking.
- Facility rental and service rates are not always feasible for cost-sensitive users. Facility management should consider additional discounting policies for non-profit users.
- As no WSDC events are played on cement, flooring could become an issue. The expenses involved with bringing in appropriate surfaces (i.e., courts, mats, etc.) could be cost prohibitive when compared with other facility alternatives.
- Seating capacity within the Exhibition Hall would likely involve a large amount of temporary seating (i.e., bleachers and floor seating). Should seating configurations for 2,000 to 3,000 people not be available in-house, the rental and set-up of related equipment would add expenses to an already tight budget.

Another statewide organization that regularly produces and promotes statewide sporting activity is the Wisconsin Interscholastic Athletics Association ("WIAA"). Founded in

1916, the WIAA regulates all high school sports in Wisconsin and is the first high school athletic association organized in the United States. Currently, the WIAA organizes a total of 25 state high school athletic tournaments that are hosted in various communities throughout the state. Taking place from July through October, these events represent an important source of visitor spending for many statewide communities.

Madison is frequently a host of several WIAA state tournaments, including but not limited to the following:

- Boys and Girls Golf
- Boys and Girls Team and Individual Tennis
- Swimming and Diving
- Football
- Team and Individual Wrestling
- Boys and Girls Hockey
- Boys and Girls Basketball
- Softball

While many of these events rotate to various cities throughout Wisconsin, several state tournaments are "fixed" in Madison, including boys hockey, girls hockey and girls basketball—all of which take place annually at the Alliant Energy Center's Coliseum. In fact, the current agreement between the Alliant Energy Center and the WIAA calls for these events to continue to be held at the Coliseum through 2008. Going forward, it is likely that these events will remain at the Coliseum and that the existing contract will be extended.

With regard to Coliseum usage, the WIAA has been very satisfied with the facility as a host venue. Particular strengths of the venue include the availability and proximity of parking and its flexibility in terms of seating configuration and capacity, as well as surface options (i.e., the ability to host both hockey and basketball).

Given the playing surface, seating and other requirements associated with these events, there is no potential for them to be held in the Exhibition Hall. Further, the WIAA does not anticipate the creation of new events for which such space may be suitable in the future.

Conclusions

Although exhibition halls are not generally thought of as being conducive to sporting events and related athletic activities, based on conversations with producers of local, state and national sporting event activity, the Exhibition Hall at Alliant Energy Center could continue host modest levels of such activity going forward.

Given the facility amenities necessary to successfully host these events (i.e., flooring surfaces, seating capacity, sound systems, scoreboards, food service, etc.), and the potential costs involved with providing them at the Exhibition Hall, other facility options are often preferred. In order attract additional event activity within this market segment, each of these issues would need to be addressed.

Summary of Key Findings

Based on the research presented throughout this chapter, we have prepared the following key findings:

- The Exhibition Hall is the largest area venue (in terms of flat floor square footage), and for many events, the only viable venue for accommodating their needs.
- Overall Exhibit Hall event use has remained strong in recent years, highlighting the viability of the facility for its current market focus.
- Many of those contacted have already scheduled future event bookings at Alliant Energy Center.
- Several major events could absorb up to 100,000 additional square feet of exhibit space, and in some cases added meeting space would be beneficial. Additional space would allow many events to increase space use and generate added revenue to the facility and economic impact to the community.
- Another challenge often faced by event organizers is date availability. In more than one case, there has been an expressed interest on behalf of show producers to add an additional show or shows to the market. However, given the oftentimes full event calendar at the Exhibition Hall and a planner's desire for specific dates, this additional event activity has not been possible.
- The lack of hotel inventory proximate to Alliant Energy Center continues to limit its appeal to groups requiring large room blocks.
- The lack of a dedicated ballroom/general session component has resulted in some particular event activities (i.e., educational sessions, opening events, food and beverage functions, etc.) being held off site—often at local hotels.

- While there are significant visitor amenities within the market, the environment surrounding Alliant Energy Center is not entertainment-oriented. The lack of such amenities proximate to the venue may limit its appeal to several event planners.

The results of the market demand analysis suggest that sufficient market demand may exist to support an expansion of the Alliant Energy Center's Exhibition Hall and Conference Center facilities. While it is believed that the majority of existing events held at the Exhibition Hall will continue to use the facility in the immediate future (irrespective of any potential expansion), based on our analysis, several events have outgrown existing flat floor space offerings at the current facility (i.e., World Dairy Expo, Deer and Turkey Show, Garden Expo, etc.). As such, space constraints have limited the ability of many existing facility users to grow their event(s). Interviews also indicate a potential to attract a number of new events to the Exhibition Hall if certain facility-related improvements are made and dates become available.

VI. Building Program, Event Level & Financial Operations Analysis

Based on our analysis of historical facility operations, local market conditions, industry characteristics and trends, competitive and comparable facilities and markets and market demand, we have developed the following conclusions with regard to future Exhibition Hall and Conference Center programming at the Alliant Energy Center.

- Since its completion, the Exhibition Hall has hosted a variety of events, including public/consumer shows, conventions, tradeshows, food and beverage functions, sporting events, meetings, conferences, private parties, concerts, family shows and a wide variety of other events.

- The Alliant Energy Center's Exhibition Hall and Conference Center comprise the largest local facility in terms of both total sellable and largest contiguous space. The facility's 100,000 square feet of contiguous space is nearly three times that of any other local offering. The existence of a large contingent of private event space in the market underscores the need for the Alliant Energy Center to attract events with more significant contiguous space needs, ideally above 40,000 gross square feet.

- Among all facilities comprising the Alliant Energy Center, the complex has played host to between 630 and 645 events each of the past four years. Facilities within the complex have experienced growth each of the past three years in terms of total number of events, event days and utilization days. This overall level of consistency provides some indication of a mature product with respect to the facility, hotel and related features of the Center.

- A total of 355 events hosted by the Center throughout the four year-period reviewed made use of the Exhibition Hall. Of the 355 total events, a total of 87 events, amounting to nearly 25 percent of all exhibit space utilizing events, made use of the entire 100,000 square feet of available exhibit space. It is also important to examine how this data has changed over time in recent years. In 2002, while utilization days peaked, a total of just 18 events, (or 21 percent) occupied all 100,000 square feet available. Two years later, in 2004, a total of 26 events (or 30 percent) occupied the entire Exhibition Hall.

- It is useful to evaluate the number of times during a year that the Center could offer sizable amounts of exhibit space for a period of several days. Throughout the first five months of the year, there is only one period of at least five days or more that is open for all halls. Further, throughout the entire year, there were 21 five-day blocks of space whereby all halls were available for additional events and much of this space was during traditionally slow periods in the public assembly facility industry. In nearly all cases, public/consumer shows require weekend dates (Friday through Sunday). Throughout 2004, there were a total of 13 weekends during which at least three halls were available and eight weekends with all four halls available.

- Over the past four years, the Exhibition Hall has regularly met or exceeded 80 percent for five months out of each year, often approaching 100 percent during these periods. In fact, during the four month-period spanning January through April, exhibit space occupancy has averaged in excess of 85 percent over the past four years. During this very busy period, it is not uncommon for facility management and sales staff to turn away potential events. In contrast, August and December have generally represented the slowest periods, with facility occupancy often falling to between 15 and 30 percent.
- A significant portion of the Center's activity is comprised of events that generate little or modest economic impact on the community. For example, although overall exhibit space occupancy at the Exhibition Hall has averaged approximately 65 percent in 2005, it is estimated that more than 25 percent of this activity is in the form of lower impact consumer or other events. These events typically produce a lower number of room nights relative to convention and tradeshow activity.
- Currently, the closest hotel to the Center, the Clarion Suites offers a total of 140 total guestrooms and very limited amounts of meeting and banquet space. Further, two additional properties are located within three blocks of the Center—the Sheraton Madison (237 rooms) and the Holiday Inn Express (92 rooms). Together, these three properties combine to provide 469 guestrooms, approximately 245 (or 52 percent) of which are considered to be committable for room blocks/group use.
- The Alliant Energy Center is sized toward the median of competitive and comparable facilities reviewed. However, the ratio of meeting to exhibit space is favorable, particularly in an industry that is increasingly stressing the need for breakout meeting space. The lack of dedicated ballroom/general session space at the Center will likely continue to affect interest in the facility among certain conventions, tradeshows and various state and regional events.
- Date availability presents a challenge often faced by event organizers wishing to book space at the Center. In several cases, there has been an expressed interest on behalf of show producers to add an additional show or shows to the market. However, given the oftentimes full event calendar at the Exhibition Hall and a planner's desire for specific dates, this additional event activity has not been possible.
- Overall interest levels among public/consumer shows comprising existing and potential users of the Alliant Energy Center's Exhibition Hall were strong, with several promoters already contracted to continue using the facility going forward. However, space limitations and date availability continue to hinder the ability of the Center to capture significant additional levels of these types of events. Space

constraints within the Exhibition Hall have limited the ability of many of public/consumer shows to grow. Based on conversations with event organizers, show growth is being limited in the following four areas:

- Expanded booth space from existing vendors;
- The addition of new vendors/booths;
- General session and/or breakout meetings/seminars; and
- Show sponsorships.

- Additionally, several convention and tradeshow organizers would consider the creation of an additional event or events, should facility space levels and date availability allow. In many cases, either space limitations or the lack of available dates have prohibited this activity.
- Unmet space demand among selected convention and tradeshow events currently occupying Exhibition Hall space could represent a total of approximately 1.2 million sold square feet each year.
- Among state and regional groups, the cumulative positive response with regard to potential future usage of Alliant Energy Center facilities ("definitely", "likely" and "possibly" use) totaled 48 percent, with 37 percent of state and regional organizations surveyed indicating that they would possibly utilize the Center. Interestingly, just 14 percent of those interviewed that have hosted an event in Madison have utilized the Alliant Energy Center as a host facility.
- Existing space levels within the Center are generally able to accommodate most state and regional events. However, associated hotel and ballroom/general session requirements may limit the Center's ability to successfully attract and accommodate certain events within this segment.
- Approximately 90 percent of all equestrian, livestock and agricultural related event respondents indicated that existing facilities within the complex are generally sufficient for the majority of both existing and potential events at the Alliant Energy Center.
- In terms of Madison's potential to attract corporate events with an agricultural base, Madison's location relative to corporate headquarters plays a large role in offsite event site selection.
- The market potential for religious events that could utilize Alliant Energy Center facilities in the future is large. Challenges that exist relative to attracting religious events include the relative lack of hotel rooms attached to or in very close proximately with the Center and the limited direct air access and associated flight costs. Other observations based on our assessments include the lack of ballroom/general session space and the lack of an entertainment district

immediately adjacent to the Center. These characteristics will continue to impact the types, size and number of religious events that the Center is able to attract.

- With regard to sporting events, given the facility amenities necessary to successfully host these activities (i.e., flooring surfaces, seating capacity, sound systems, scoreboards, food service, etc.), and the potential costs involved with providing them at the Exhibition Hall, other facility options are often preferred.

From this point forward, estimations and projections with regard to future Center operations will be presented in terms of three potential building program scenarios, described as follows:

Scenario 1 - Existing Facility (Status Quo)

This development scenario assumes that no material changes are made to the current space offerings provided at the Alliant Energy Center's Exhibition Hall and Conference Center facilities.

Scenario 2 – Development of 50,000 additional square feet of exhibit space

This scenario assumes the development of 50,000 additional gross square feet of exhibit space within the Alliant Energy Center's Exhibition Hall. Additionally, breakout meeting space totaling approximately 10,000 sellable square feet would be added to current Conference Center offerings in an effort to maintain the current ratio of exhibit to meeting space, which approximates 4.9.

Scenario 3 – Development of 100,000 additional square feet of exhibit space

This scenario assumes the development of 100,000 additional gross square feet of exhibit space within the Alliant Energy Center's Exhibition Hall. Additionally, breakout meeting space totaling approximately 20,000 sellable square feet would be added to current Conference Center offerings in an effort to maintain the current ratio of exhibit to meeting space, which approximates 4.9.

Event Levels Analysis

Based on our review of historical facility operations, local market conditions, industry trends, competitive and comparable markets and facilities and market demand, we have developed estimates of potential future event activity at the Alliant Energy Center's Exhibition Hall under the identified potential building program scenarios. We begin with a summary of past event levels at the Center, as presented in Exhibit VI-1.

Exhibit VI-1
Summary of Historical Event Levels (2002-2005)

	2002	2003	2004	2005
Public/Consumer Shows	27	27	25	25
Tradeshows	14	11	13	14
Other Events	27	25	17	22
Conventions	8	12	11	6
Meetings, Conferences & Banquets	19	17	19	17
Total	95	92	85	84

Source: Alliant Energy Center, 2006

As shown, the Center has hosted between 84 and 95 events each of the past four years, with an annual average of approximately 89. While the number of conventions and public/consumer shows hosted at the Center have decreased in recent years, the number of tradeshows and other events have increased in number. The number of consumer shows has ranged from a low of 25 (in 2004 and 2005) to highs of 27 (in both 2004 and 2005). This overall level of consistency provides some indication of a mature product with regard to both the facility and the destination.

Taking into account such critical elements as historical facility operations, local market conditions, industry trends, competitive and comparable facilities, market demand and future Center bookings, we have developed the following estimations of future event levels at the Alliant Energy Center. Exhibit VI-2 outlines this information.

Exhibit VI-2
Summary of Estimated Future Event Levels

	Historical Data				Average			
Number of Events:	2002	2003	2004	2005	2002- 2005	Scenario 1	Scenario 2	Scenario 3
Public/Consumer Shows	27	27	25	25	26	27	30	32
Tradeshows	14	11	13	14	13	14	16	18
Other Events	27	25	17	22	23	23	30	30
Conventions	8	12	11	6	9	10	12	14
Meetings, Conferences & Banquets	19	17	19	17	18	18	22	22
Total	95	92	85	84	89	92	110	116

Source: Alliant Energy Center, CSL International, 2006

Additionally, estimates as to the following event characteristics have also been prepared:

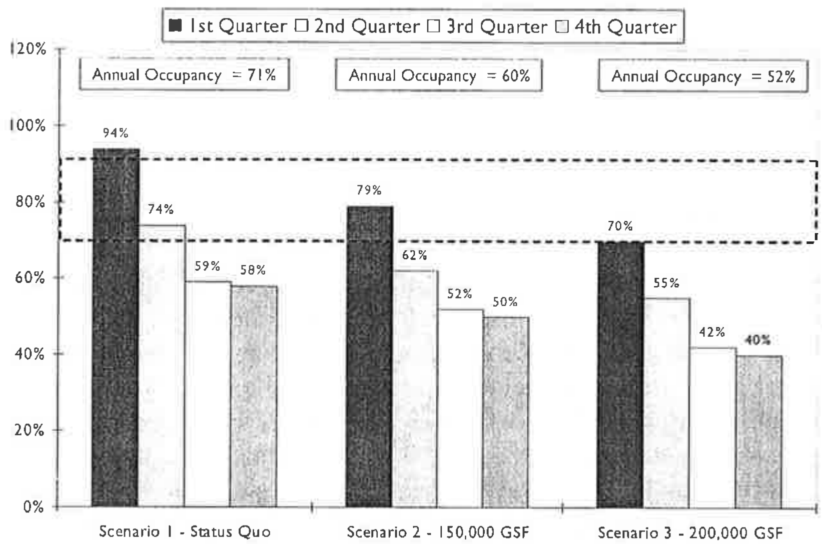
- Event attendance (segmented into local and non-local attendees);
- Exhibit space square footage demand;
- Event days per event;
- Utilization days per event;
- Daily spending per attendee; and
- Other such factors.

As shown in Exhibit VI-2, assuming Scenario 1, the status quo development option, in a stabilized year of operations, it is estimated that the facility may host a total of approximately 92 total events. This compares to an average of 89 total events taking place at the Center in the four year-period spanning 2002 through 2005 and represents an additional four annual events. However, under Scenario 2, which calls for an additional 50,000 gross square feet of exhibit space, it is possible that the Exhibition Hall could house a total of 110 events. In general, marginal increases are forecasted for several of the identified event types, particularly conventions, tradeshows and other events.

An Exhibition Hall providing 200,000 gross square feet (Scenario 3) could be expected to host approximately 116 annual events. Given the additional space associated with this scenario, the number of public/consumer shows, conventions and tradeshows taking place at the Center could increase by six annual events (or more than ten percent) over Scenario 2 estimates. As will be further discussed, the additional event activity attracted to a larger facility and the estimated growth in space use among certain existing events would result in not only increased event levels, but increased space use and attendance on a per-event basis. Importantly, as will be outlined in the following chapter of this report, this activity translates to increased economic impact in the community.

In addition to these estimates, we have also prepared an analysis of event seasonality (by quarter) and related facility occupancy levels for each of the identified development scenarios. The objective of this effort is to further characterize estimated event activity at a potentially expanded Exhibition Hall and to identify seasonality patterns that could be expected. Exhibit VI-3 summarizes our findings.

Exhibit VI-3
Summary of Projected Exhibit Space Occupancy by Quarter



Note: Figures based on total square footage utilized and is presented in a stabilized year of operations. Total square feet per exhibit area was reduced by 30 percent to better reflect total space availability.
Source: CSL International, 2006

As shown, overall annual occupancy at the Exhibition Hall is expected to decline as the facility's size increases. Specifically, under Development Scenario 1 (status quo), seasonality patterns are expected to closely resemble that of historical facility operations, in which the first quarter of the year (January through March) experiences by far the highest occupancy, in this case estimated at 94 percent. Over the next three months, occupancy is likely to fall by approximately 20 percentage points, followed by a further decline and leveling off at slightly under 60 percent for the six month-period from July to December.

Under Scenario 2, which would add 50,000 square feet of exhibit space to the Center, the venue could be expected to generate occupancy percentages of approximately 60 percent in a stabilized year of operations. Although the first quarter remains the most active, occupancy within this period could fall by as much as 15 percentage points, to 79 percent. Similar declines to those likely experienced under Scenario 1 could be expected throughout the remainder of the year, at which point occupancy could reach a minimum of 50 percent in the fourth quarter.

Under Scenario 3, which would add 100,000 square feet of exhibit space to the Center, annual occupancy is estimated at approximately 52 percent. Quarterly occupancy percentages could be expected to range from a high of 70 percent in the first quarter, to a low of 40 percent in the fourth quarter.

Based on this analysis, while it appears that overall facility occupancy could be expected to decline with every additional square foot of exhibit space that may be added, the increases in available space could have important implications with respect to the seasonality of added event activity. The first quarter of the year will likely remain the busiest period at the Center and the expanded space, resulting in occupancy percentages that are approaching practical maximum capacity, while allowing for limited added event activity. Added facility capacity and resulting occupancy during this period would allow for a much more manageable schedule and the potential for added event activity, neither of which is currently the case.

Summary of Estimated Future Financial Operations

Based on market, program and event analysis findings, an analysis of the estimated financial operating characteristics of Exhibition Hall under the identified development scenarios was also conducted. The analysis only considers revenues and expenses generated through the operation of the facility itself, and does not consider other potential ancillary income that may be related to the Center (such as incremental tax revenue, etc.), nor does it consider other non-operating costs such as convention marketing.

Applying various elements of past facility operations, event demand characteristics, industry trends, facility pricing, cost structures, assumed development scenarios and related elements, the projected operating revenues under all three development scenarios are estimated as follows in Exhibit VI-4. Data presented is reflected of a mature year of operations in 2006 dollars.

Exhibit VI-4
Summary of Estimated Future Exhibition Hall Financial Operations

	4-year Average	Scenario 1 (Status Quo)	Scenario 2 (150,000 GSF Exhibit)	Scenario 3 (200,000 GSF Exhibit)
Operating Revenues				
Rent	$1,618,923	$1,745,318	$2,127,750	$2,307,932
Electrical & Equipment Rental	1,250,227	1,347,837	1,643,173	1,782,321
Concessions (1)	434,615	468,547	571,214	619,586
Parking	562,187	606,079	738,882	801,453
Other (2)	49,248	53,093	64,727	70,208
Total Operating Revenues	$3,915,201	$4,220,873	$5,145,747	$5,581,500
Operating Expenses				
Salaries and Benefits	$1,230,724	$1,270,289	$1,390,001	$1,446,403
Electricity & Gas	280,204	299,506	357,910	385,427
Reimbursable	103,255	112,739	141,435	154,955
Indirect Costs (3)	104,538	104,538	104,538	104,538
Administration Cost	809,493	813,211	824,459	829,759
Parking Cost	147,310	159,487	196,332	213,692
Other Costs	272,256	288,794	338,832	362,408
Total Operating Expenses	$2,947,779	$3,048,564	$3,353,508	$3,497,182
Net Operating Income	**$967,422**	**$1,172,310**	**$1,792,239**	**$2,084,318**

(1) Concession revenues in 2005 are inclusive of both pouring revenues and concession maintenance.
(2) Other revenues include facility maintenance charges, ushers, advertising, labor charges, floor charges and miscellaneous income.
(3) Includes allocated charges by Dane County for purchasing, accounting, budgeting, personnel, legal, data processing, etc.

As summarized above, including only operating revenues and expenses, it is estimated that, under the Scenario 2 development program, the Center will generate revenues (in a stabilized year of operations, in 2006 dollars) of approximately $5.1 million. This represents an increase of approximately $920,000 (or 22 percent) over the status quo development option. Further, Development Scenario 3, which calls for a total of 200,000 gross square feet, is estimated to generate facility revenues of nearly 5.6 million.

While many expenses associated with increased event activity remain largely fixed (i.e., insurance, security, office supplies, administration and other indirect costs), several expense categories are highly variable with respect to event activity at the Center (such as utilities, equipment, reimbursable expenses, equipment and parking costs). As such, we have developed a model to accurately project both fixed and variable expenses on a per-square-foot level, based largely on historical financial operations of the Exhibition Hall. Based on these assumptions, expenses associated with Exhibition Hall event activity under the status quo model could be expected to approximate $3.0 million (in a stabilized year of operations, in 2006 dollars). Operating expenses resulting from Scenario 2 development could be expected to reach nearly $3.4 million (representing an approximate ten percent increase over Scenario 1). A 200,000-square foot Exhibition Hall is projected to cost more than $3.5 million annually to operate.

Combining added operating revenues and expenses, any expansion of Alliant Energy Center's Exhibition Hall and Conference Center facilities is not expected to negatively impact, or decrease the operating surpluses experienced in the past. Specifically, net operating income associated with Scenario 2 approximates $1.8 million, while nearly $2.1 million could be expected under Scenario 3. For purposes of comparison, over the past four years of facility operations, net income has averaged approximately $970,000.

As with most public assembly facility expansion projects, the viability of future development is often evaluated based on the operating results of the facility combined with the economic and fiscal impacts generated by the project. Such impacts are analyzed in the following report chapter.

VII. Analysis of Economic and Fiscal Impacts

The purpose of this chapter is to provide an analysis of the potential economic and fiscal impacts that could be generated by attracting events associated with three identified potential future development scenarios for the Alliant Energy Center's Exhibition Hall. The evaluation of the economic and fiscal benefits generated by such a project is one of many important factors in process of planning for future facility needs. As such, the following key issues have been addressed within this chapter:

- Economic and Fiscal Impact Concepts
- Economic Impact Analysis
- Fiscal Impact Analysis
- Non-Quantifiable Impacts

Economic impacts are conveyed through measures of direct spending, total output, personal earnings and employment. These specific terms are defined later in this chapter. The economic and fiscal impact analyses contained in this chapter assume the development programs presented in the previous section.

Economic and Fiscal Impact Concepts

The impact of the Center is maximized when *out-of-town* attendees spend money in a community while attending a facility event. This spending by out-of-town attendees represents *new money* to the community hosting the event. This new money then creates *multiplier effects* as the initial spending is circulated throughout the local economy.

The characteristics of these effects are generally discussed in terms of their *direct, indirect and induced* effects on the area economy. These terms are further defined as:

> **Direct effects** consist principally of initial purchases made by delegates or attendees at an event who have arrived from out-of-town. This spending typically takes place in local hotels, restaurants, retail establishments and other such businesses. An example of direct spending is when an out-of-town event attendee pays a local hotel for overnight lodging accommodations.
>
> **Indirect effects** consist of the re-spending of the initial or direct expenditures. An example of indirect spending is when a hotel uses the direct spending dollars received from out-of-town event attendees to pay the hotel's housekeeping staff. The hotel's housekeeping staff then spends their personal income in local grocery stores, retail establishments and other local businesses for various products and services.

Induced effects consist of the positive changes in employment, earnings and tax collections generated by changes in population associated with the direct and indirect expenditures.

The re-spending of dollars in an economy is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending. The "multiplier" effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The IMPLAN system utilizes an input-output matrix with specific data for multipliers based on regional business patterns from across the country. Financial information for the matrix of multipliers is collected from various sources that include, but are not limited to, the U.S. Department of Labor, as well as state sales and tax reports. The system utilizes this data to determine the economic independence of specific geographic regions, as well as the interdependence which exists between industries in those regions. The systems provide total industry output, personal earnings and employment data for approximately 520 industry groups.

For purposes of this analysis, results of the economic impact analyses are measured in terms of the following categories:

Total output represents the total direct, indirect and induced spending effects generated by the project. This calculation measures the total dollar change in output that occurs in the local economy for each dollar of output delivered to final demand.

Personal earnings represents the wages and salaries earned by employees of businesses associated with or impacted by the project. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

Employment represents the number of full-time equivalent jobs. The employment multiplier measures the total change in the number of jobs in the local economy for each additional $1.0 million of output delivered to final demand.

The initial spending of new dollars into an economy begins a series in which the dollars are cycled through the economy. The re-spending of the dollars is estimated by utilizing the economic multipliers discussed above and applying them to the amount of direct, or initial, spending. The multiplier illustrates that spending in a defined economy will lead to additional spending until that dollar has completed its cycle through leakage. Leakage represents the portion of a dollar spent in areas outside the designated economy, such as the taxes paid on purchases of goods and services.

Economic Impact Analysis

One of the primary sources of direct spending involves attracting event attendees from outside the local area to make purchases in area hotels, restaurants and retail establishments. Events attracting attendance largely from the Madison area, including most public/consumer shows, family shows and other such local events generally represent a displacement of spending. Specifically, most of these local attendees would likely have made expenditures within the local area in some other manner had the event not been held.

The analysis of direct spending related to Center activity begins with estimating the number of non-local event attendees that could be attracted to an expanded Center. These estimates are based on the event, attendance and event day information developed through the market analysis, as summarized in the following exhibit.

Exhibit VII-1
Summary of Historical and Estimated Future Event Characteristics (1)

	Historical Data				Average			
	2002	2003	2004	2005	2002-2005	Scenario 1	Scenario 2	Scenario 3
Number of Events:								
Public/Consumer Shows	27	27	25	25	26	27	30	32
Tradeshows	14	11	13	14	13	14	16	18
Other Events	27	25	17	22	23	23	30	30
Conventions	8	12	11	6	9	10	12	14
Meetings, Conferences & Banquets	19	17	19	17	18	18	22	22
Total	95	92	85	84	89	92	110	116
Total Event Days								
Public/Consumer Shows	67	64	64	63	64	67	74	79
Tradeshows	32	24	27	28	28	30	34	38
Other Events	39	35	27	30	33	33	43	43
Conventions	26	32	27	20	26	29	35	41
Meetings, Conferences & Banquets	27	32	32	30	30	30	37	37
Total	191	187	177	171	181	190	224	239
Out-of-Town Attendee Days								
Public/Consumer Shows	27,392	25,637	28,598	25,298	26,731	27,784	34,204	37,470
Tradeshows	43,287	30,509	22,655	42,694	34,786	37,394	52,634	65,792
Other Events	8,068	7,771	6,533	5,066	6,859	6,978	11,314	12,572
Conventions	122,652	93,075	109,242	139,820	116,197	134,655	179,668	227,580
Meetings, Conferences & Banquets	1,481	2,566	2,204	1,511	1,940	1,931	2,499	2,499
Total	202,879	159,558	169,232	214,390	186,515	208,742	280,318	345,912

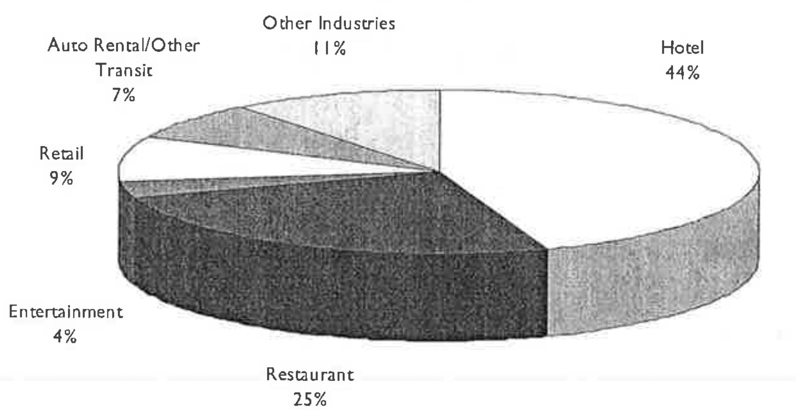
(1) Estimates are based on CSL assumptions and projections assuming various development scenarios.
Note: Future estimates reflect a stabilized year of operations in 2006 dollars.
Source: CSL International, Alliant Energy Center, 2006

As shown, based on the estimated future event levels presented earlier, characteristics of past events held at the Center and projections of future event characteristics, we have estimated that, under Scenario 1 (status quo), the Exhibition Hall could attract a total of approximately 209,000 out-of-town delegate days. These estimates increase to approximately 280,000 and 346,000 for Scenarios 2 and 3, respectively. As noted above, convention and tradeshow event categories generate a significant share of the overall out-of-town delegates.

Estimates of per-day spending by out-of-town delegates and exhibitors are based on the results of the International Association of Convention and Visitors Bureaus (IACVB) *ExPact 2004 Convention Expenditure and Impact Study.* The study collected data concerning event related expenditures by delegates, exhibitors, associations and convention service contractors. The results of this study have been adjusted to 2005 dollars and for cost of living levels in the Madison area. The estimates of average daily spending on a per delegate basis were applied to estimates of potential future event activity at the Center under all three development scenarios, based on the results of the overall market analysis.

Exhibit VII-2 presents the direct spending associated with the three development scenarios. As presented in the exhibit, the estimated total annual direct spending associated with the existing Exhibition Hall is approximately $61.8 million (in a stabilized year of operations, in 2006 Dollars), taking place in hotel, restaurant, entertainment, transit, retail and other visitor industries. The estimated total annual direct spending associated with the Scenario 2 development program is approximately $83.1 million. Doubling the size of the current Exhibition Hall could result in an estimated $103.5 million in direct spending among potential event attendees.

Exhibit VII-2
Estimated Annual Direct Spending Among Non-Local Event Attendees
(Upon Stabilization of Operations in 2006 Dollars)



Estimated Direct Spending:	
Scenario 1	$63,476,000
Scenario 2	$85.341.000
Scenario 3	$106,317,000

The premium in economic impact associated with an expanded Exhibition Hall can be largely attributed to the increased ability to attract a greater number and proportion of larger events among all identified event categories. Specifically, under Scenario 2, which includes the development of approximately 50,000 additional square feet of exhibit space and up to 10,000 additional square feet of breakout meeting space, the annual direct spending increases by approximately $21.9 million over the status quo scenario, to more than $85.3 million. This compares to a total of approximately $106.3 million associated with Scenario 3. These dollars are distributed throughout the economy through a number of mediums, the largest of which is hotel spending, comprising an estimated 44 percent of total direct spending. Direct spending on restaurants accounts for one-quarter of total direct spending associated with an expanded facility. The remaining 31 percent is spread across such sectors as entertainment, retail, auto rental, local transit and other industries. Further, direct spending among local event attendees is estimated at $23.7 million under Scenario 1 (status quo), increasing to approximately $30.7 million under Scenario 2 and an estimated $34.7 million under Scenario 3.

As the direct spending flows throughout the local and state economy, additional rounds of spending, employment and earnings are generated. The total impact generated is estimated by applying specific industry multipliers to the initial expenditure to account for the total economic impact of the re-spending activity. The application of the multipliers involves calculating the product of the estimated amount of direct spending and the multiplier.

The multipliers used in this economic impact analysis as generated by the IMPLAN economic analysis system specifically for Dane County are presented in Exhibit VII-3.

Exhibit VII-3
Economic Impact Multipliers for Dane County

Industry	Output	Employment	Earnings
Hotel	1.60	27.37	0.61
Restaurant	1.68	30.17	0.54
Entertainment	1.62	23.14	0.56
Retail	1.69	48.35	0.76
Auto Rental	1.64	29.16	0.66
Other Local Transit	1.64	29.16	0.66
Other Industries	1.62	16.76	0.50

Note: Employment multiplier is applied to direct spending divided by 1,000,000.
Source: Minnesota Implan Group, 2006

The total estimated direct expenditures generate effects on the economy that extend beyond the initial expenditures. Exhibit VII-4 summarizes the overall economic effects associated with estimated levels of potential event activity assumed to take place under Scenarios 1 through 3, based on the application of the IMPLAN multipliers. Results are presented in terms of spending among both non-local and local event attendees.

Exhibit VII-4
Estimated Annual Exhibition Hall Economic Impacts – Upon Stabilization of Operations (in 2006 Dollars)

	Non-Local Attendee Impacts	Local Attendee Impacts	Total
Total Direct Spending			
Scenario 1 - Status Quo	$63,475,811	$23,711,062	$87,186,873
Scenario 2 - 150,000 GSF	$85,341,296	$30,656,656	$115,997,953
Scenario 3 - 200,000 GSF	$106,317,382	$34,743,764	$141,061,147
Total Output			
Scenario 1 - Status Quo	$103,733,932	$39,283,863	$143,017,795
Scenario 2 - 150,000 GSF	$139,464,383	$50,791,141	$190,255,524
Scenario 3 - 200,000 GSF	$173,732,877	$57,562,555	$231,295,432
Earnings			
Scenario 1 - Status Quo	$37,842,198	$14,145,764	$51,987,962
Scenario 2 - 150,000 GSF	$50,875,572	$18,289,431	$69,165,003
Scenario 3 - 200,000 GSF	$63,372,166	$20,727,755	$84,099,921
Employment - Full-Time EQ			
Scenario 1 - Status Quo	927	388	1,315
Scenario 2 - 150,000 GSF	1,257	496	1,753
Scenario 3 - 200,000 GSF	1,587	552	2,139

As outlined in the exhibit, the estimated level of annual direct local and visitor-related spending associated with a stabilized year of operations for the Exhibition Hall under Scenario 3 (which would double the size of the existing facility) could generate approximately $231.3 million in total output (total direct and secondary spending), approximately $84.1 million in total earnings and more than 2,100 full-time jobs.

This compares to the status quo scenario, which generates approximately $143.0 million in total output, nearly $52.0 million in total earnings and approximately 1,300 full-time jobs. Scenario 2, which would add 50,000 gross square feet of exhibit space could generate as mush as $190.3 million in total output, while supporting an estimated 1,750 full-time jobs.

In an effort to project long-term effects associated with the identified development scenarios, we have extrapolated the data in Exhibit VII-4 over a 30-year period, assuming a three percent annual inflation factor. Based on this analysis, under Scenario 1, in which no additional space is added to the facility, cumulative total output over a 30-year period in 2006 dollars (assuming three percent inflation) is estimated at $6.8 billion. Total output is projected to increase to approximately $9.1 billion under Scenario 2 and more than $11 billion under Scenario 3.

Fiscal Impact Analysis

Beyond spending, output, earnings and employment data, the addition of a new headquarters hotel will generate incremental tax revenues for the State, County and City. The following assumptions were made in preparing such estimations:

- It is estimated that 95 percent of restaurant and hotel sales are taxable, reflecting the fact there is occasional event activity from tax exempt organizations.
- Approximately 70 percent of entertainment expenditures are subject to tax, reflecting the tax base specific to various entertainment activities.
- Approximately 90 percent of auto rental and retail industry transactions are taxed.
- Eighty percent of local transit, including gasoline sales which are not included in the State tax base, is assumed to be taxed.
- Thirty percent of indirect spending (total output less direct spending) are assumed to be taxed as general sales.
- Tax rates used for the analysis reflect a 5.0 percent State sales tax, 0.5 percent County sales tax and up to 8.0 percent Municipal hotel tax.

Based on the assumptions above and the application of State, County and Municipal tax rates to the spending associated with the Alliant Energy Center under the identified development scenarios, the following tax estimates among all non local event attendees have been calculated.

Exhibit VII-5
Summary of Tax Collections Generated by Exhibition Hall Operations
(non-local event attendees)

	Current Tax Rate	Scenario 1	Scenario 2	Scenario 3
State Sales Tax - direct spending	5.0%	$2,792,912	$3,754,842	$4,677,194
State Sales Tax - indirect spending	5.0%	603,872	811,846	1,011,232
County Sales Tax - direct spending	0.5%	279,291	375,484	467,719
County Sales Tax - indirect spending	0.5%	60,387	81,185	101,123
Municipal Hotel Tax	8.0%	2,143,898	2,884,313	3,600,605
TOTALS		$5,880,361	$7,907,670	$9,857,873

Note: All scenario conditions assume a stabilized year of operations in 2006 dollars.

As noted, assuming a status quo scenario, the total tax impact of the Exhibition Hall is estimated at $5.9 million (during a stabilized year of operations in 2006 dollars). This compares to an estimated $7.9 million in total tax collections associated with Scenario 2 projections and nearly $9.9 million under Scenario 3 development. Currently collecting a rate of 5.0 percent on sales within the State, The State of Wisconsin is the primary beneficiary of tax collections. Specifically, total State tax collections (both direct and indirect spending) could amount to approximately $5.7 million, or approximately 58 percent of total taxes generated under Scenario 3. A hotel tax of up to 8.0 percent is charged on most hotel rooms within Dane County and is likely to generate between $2.1 and $3.6 million in annual collections.

Non-Quantifiable Impacts

Attendees of events held at the Center can significantly benefit numerous industries and enhance economic activity throughout the community. Primary visitor industries, including hotels, restaurants, retail establishments, local transportation and related industries can benefit directly from a potentially expanded Center. Indirect effects can benefit various support industries including the wholesale, distribution, manufacturing and other industries.

In addition to the more quantifiable benefits of the potential expansion/improvement of the Center, certain potential benefits cannot be quantifiably estimated. Potential qualitative benefits for the area include:

- support tax collection levels on a visitor spending base, thereby reducing the need for added taxes on local residents;
- enhanced economic growth and ancillary private sector development spurred by the operations and activities associated with the facility;
- a broader level of exposure of the area to corporate and association business executives;
- diversified, consumer-oriented activities for families in the local area attending Center events;
- increased advertising opportunities for local businesses;
- enhanced community pride, self-image, exposure and reputation; and
- other such benefits.

Finally, Center expansion could create a working synergy in conjunction with other community initiatives and existing area businesses. Together, these organizations could serve to significantly enhance the area's reputation as an event and tourism destination.