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## Should We Trust Winery Math ????

By Friends of Old Mission Peninsula\*

The stakes are high—WOMP is suing the Township and its residents for **\$203 million** in damages in alleged *lost profits* for the five years prior to filing their lawsuit (one of which was COVID-19?). That amount would average more than \$60,000 for each property owner [each property-owner can compute their own exposure for free at <https://friendsofoldmissionpeninsula.org/owner-financial-exposure/>.]

WOMP is serious about damages — they hired (and presumably paid) a purported expert to testify about \$203m in lost profits, but then convinced the court to put that testimony's exhibits under seal so no one could see them/or check their work! (You can read the expert's narrative here [ <https://protectthepeninsula.com/wp-content/uploads/2023/04/1-20210810-WOMP-Damages-Resport-Public.pdf> ] But we have an option to assist public understanding of this important element — *build comparable projections applying publicly-available industry benchmarks, to understand how many events, of what size, generating how much revenue, with industry average profit levels, etc., etc., to understand the commercial activity level it would take to generate \$203m in lost profits.* This is a big challenge, but we have the benefit of the event business operating on OMP for the last 15 years— the Peninsula Room at Mission Table/Jolly Pumpkin—which hosts weddings/business meetings/other gatherings, for up to 150 people (plus 60 in a nearby room), with a published price list, allowing anyone to do comparable math. <https://www.peninsularoom.com/peninsula-room-wedding>; <https://www.eventective.com/traverse-city-mi/the-peninsula-room-589779.html>

This article is a summary of more detailed work at [friendsofoldmissionpeninsula.com](http://friendsofoldmissionpeninsula.com) We encourage readers to read on here, and also to check out the full analysis.

Here is a snapshot of what we learned—to generate \$203m in lost profits, the wineries would

- generate Revenue of \$452,360,767 (apply industry profitability ratios of about 45% to the \$452m revenue, and you get \$203m in profits)
- to generate \$452m in revenue, you host 2.5 million guests over 5 years, each paying approx. \$200 per person ( eg, a wedding)
- on a yearly basis, this means
  - 500,000 guests/year
  - 3,329 events (assume each event center holds 150 people)
  - 300 events/year for each winery —about 12 per week during 26 week peak season (May-Oct)
- build 11 + event center buildings averaging about 5,000+ sq.ft each - for guest space plus support space ( comparable to the Peninsula Room holding 150 people— see <https://heritagecenter.mn/use-our-space-calculator-to-estimate-your-events-needs/> )
- events at this scale would bring 215,518 more cars onto OMP/year
- build 11 new restaurants on OMP

We know the conclusions reached through this exercise seem preposterous.

It might seem unlikely a winery could actually host 12 events/week- during peak season- each with over 150 people spending \$200 each... unless conditions change, and changing those conditions is what the WOMP lawsuit is all about. If WOMP succeeds in blowing up zoning as they propose, there could be more than 11 new venues, with each holding 150 people, or 250, etc. And, just looking at WOMP's projected sales revenue alone, it seems excessive compared to a 90% + booked Peninsula

Room for 150 guests ( their recent experience). *The sales projections for WOMP are nearly double (1.6 times greater) than that of a long-established and sole OMP commercial events provider- the Peninsula Room.*

If past is prologue, WOMP and its supporters will criticize this projection analysis. Fair enough, as already stated it is an estimate from publicly-available industry information —- but we were forced into this projection exercise by WOMP, because WOMP got the judge to seal the exhibits. And 3 things are beyond dispute

1. it will take a large increase in commercial activities on OMP to generate \$203 million in “lost profits”;
2. WOMP wineries have not released their financial records to the public; and
3. WOMP can remove doubt about its math by releasing to the public the exhibits submitted to the court by their expert, so the public can read, understand and evaluate how they feel about the increased commercialization necessary to drive \$203m in lost profits, which would be paid by OMP property owners through higher taxes & assessments—if WOMP wins the lawsuit.

Friends of Old Mission Peninsula’s purpose is to inform, to educate and to spark action. If the aforementioned numbers trouble you, you can check out suggested actions at <https://friendsofoldmissionpeninsula.org/how-can-i-help/>

Please act promptly—- settlement talks are open with a trial scheduled for April.

\*Friends of Old Mission Peninsula is a registered Michigan non-profit corporation

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