

Assessing the needs of major arts, cultural, recreational and entertainment assets in Milwaukee County

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SPIRIT OF MILWAUKEE



Public Spaces, Public Priorities

An Analysis of Milwaukee County's Parks

The Public Policy Forum

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MILWAUKEE COUNTY-FUNDED PARKS AND CULTURAL INSTITUTIONS

A FISCAL ASSESSMENT: 2000-2008 AND BEYOND

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 **Public Policy Forum**
moving the region forward

Key Research Questions

How much public funding is needed?

Which institutions and how should \$\$ be allocated?

How have other regions approached problem?

Scope

Milwaukee County-owned arts and cultural institutions and Milwaukee County Parks.

Six major arts and cultural institutions that are not publicly-owned; key criterion is that they own or aspire to own their own facility.

Three major sports and convention facilities.

Part II – February or March

Explore funding mechanisms used by: Oklahoma City, Pittsburgh, Denver, Cleveland, and St. Louis.

Model four of those approaches for Milwaukee County.

Overview of Milwaukee County Finances

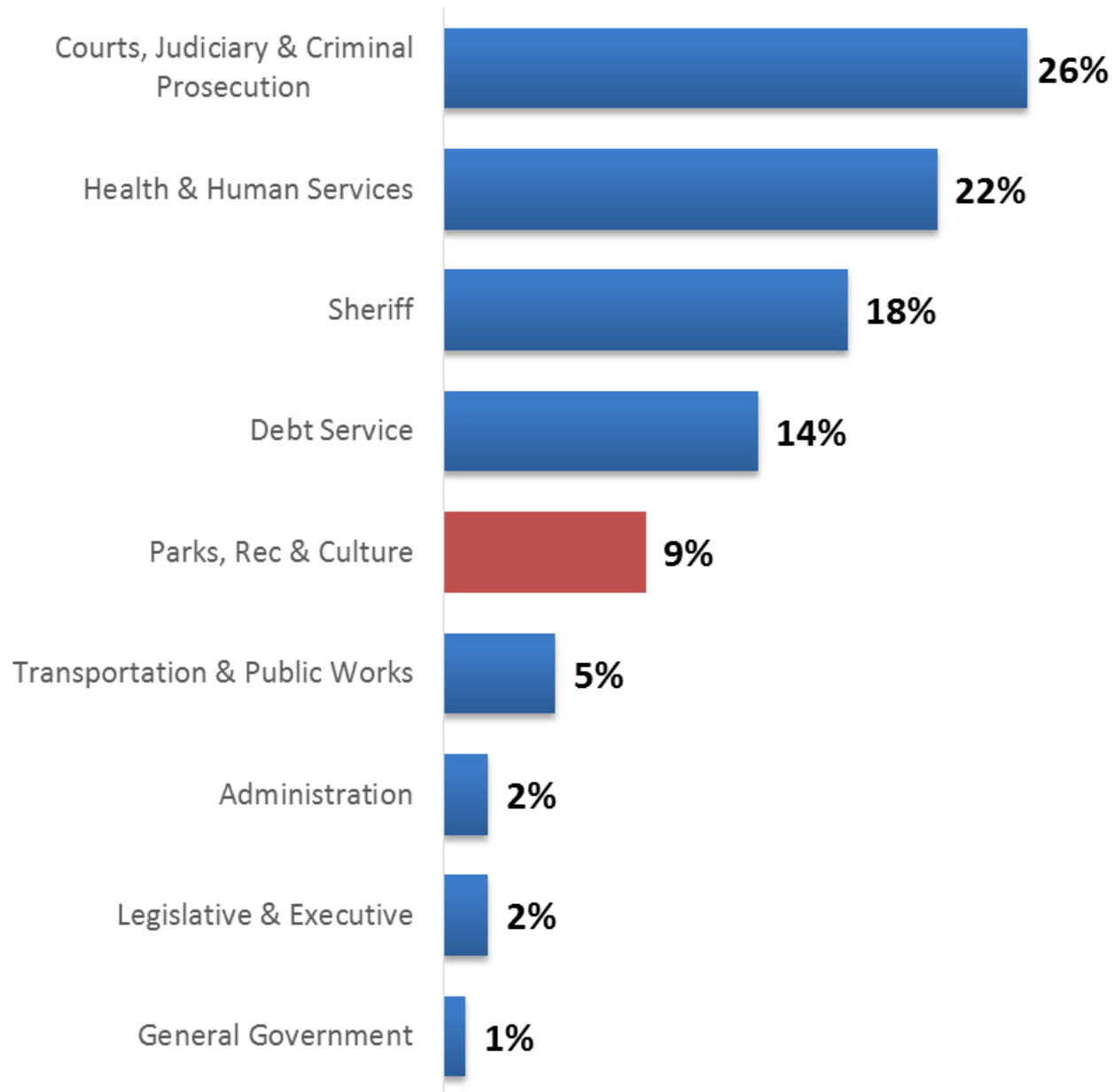
**Growth in mandated costs
outpacing intergov't revenues**

**County's borrowing caps =
inability to meet repair and
maintenance needs**

**Zoo and parks impacted by
health care and pension
obligations**



Local Revenue Distribution



Milwaukee County-owned institutions

MILWAUKEE PUBLIC MUSEUM

**MARCUS CENTER FOR THE
PERFORMING ARTS**

**WAR MEMORIAL CENTER &
MILWAUKEE ART MUSEUM**

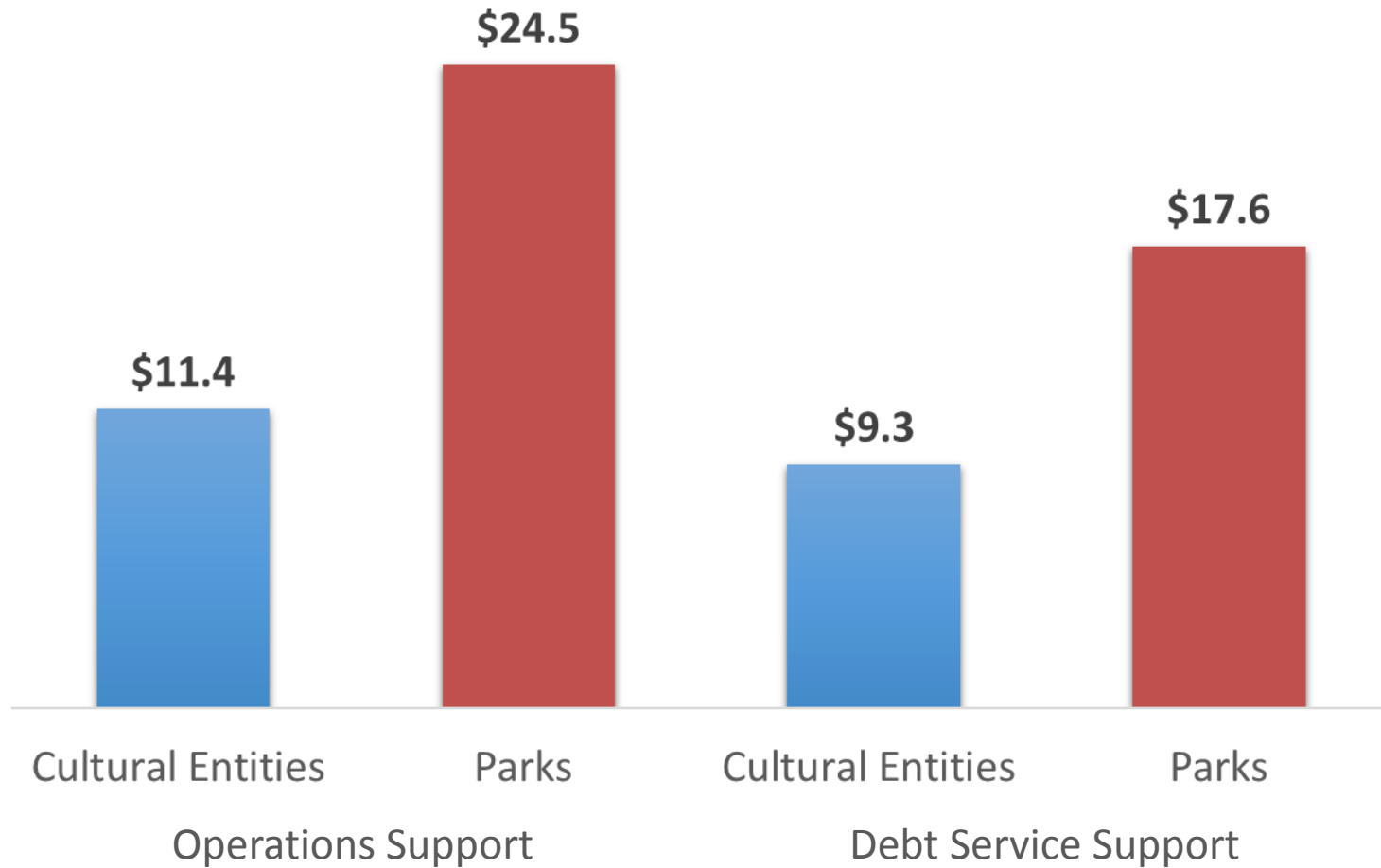
MILWAUKEE COUNTY HISTORICAL SOCIETY

CHARLES ALLIS & VILLA TERRACE MUSEUMS

MILWAUKEE COUNTY ZOO

MILWAUKEE COUNTY DEPARTMENT OF PARKS, RECREATION, AND CULTURE

Milwaukee County support - 2013



Milwaukee Public Museum

Annual Budget: \$14.6 million



Public Funding – 23%
Private Funding – 41%
Earned Revenue – 35%

- **Huge operating challenges alleviated by new agreement with county.**
- **\$27.7 million in capital repair and improvement needs; \$4 million commitment from county over next four years.**
- **Private sector commitments for some new exhibits and theater improvements; may need to depend heavily on private sector for other facility needs, as well.**

Marcus Center for the Performing Arts

Annual Budget: \$8.5 million



Public Funding – 15%
Private Funding – 5%
Earned Revenue – 79%

- **Cuts in county operating support accommodated through greater earned revenues and efficiencies.**
- **Need for new parking structure (\$25 million) eclipses other capital needs (\$11.6 million).**
- **Expanded parking structure requires county and city approvals and bank loans; intended to enhance long-term operating stability.**

War Memorial Center

Annual Budget: \$2 million



Public Funding – 59%
Private Funding – 0%
Earned Revenue – 41%

- **New funding agreement with county relieves operating budget pressure in short-term, but long-term concerns remain.**
- **\$25 million capital plan (\$10 million county, \$15 million MAM) addresses immediate needs.**
- **\$25 million plan does not include major improvements once envisioned by WMC.**

Milwaukee Art Museum

Annual Budget: \$15.1 million



Public Funding – 7%
Private Funding – 55%
Earned Revenue – 31%

- **New agreement provides boost in direct county funding to MAM, giving it greater latitude to address priority repairs and maintenance.**
- **Capital plan addresses major infrastructure needs, enhances earned revenue possibilities.**
- **County's \$10 million may impact its ability to address capital needs at other arts/culture facilities.**

Milwaukee County Historical Society

Annual Budget: \$0.7 million



- **MCHS not able to provide historical fiscal data; performance in 2012 suggests major operating concerns.**
- **Headquarters interior renovation a model for public-private cooperation; will same approach be possible for exterior needs?**

Public Funding – 36%
Private Funding – 22%
Earned Revenue – 36%

Charles Allis & Villa Terrace Museums

Annual Budget: \$0.6 million



- **Increased facility rentals have helped offset loss of county support, but still heavy reliance on county subsidy.**
- **\$1.7 million of capital needs over next five years likely will require support from county.**

Public Funding – 14%
Private Funding – 44%
Earned Revenue – 42%

Milwaukee County Zoo

Annual Budget: \$22.7 million



Public Funding – 28%
Private Funding – 6%
Earned Revenue – 65%

- **Failure to meet ambitious attendance goals has caused mid-year deficits and contributed to deferred maintenance backlog.**
- **New master plan likely to include >\$80 million in capital improvement projects, several of which will be deemed necessary for earned revenue stability.**
- **\$5 million in basic capital repair needs in next five years may impede county's ability to support master plan projects.**

Milwaukee County Parks Department

Annual Budget: \$40.4 million



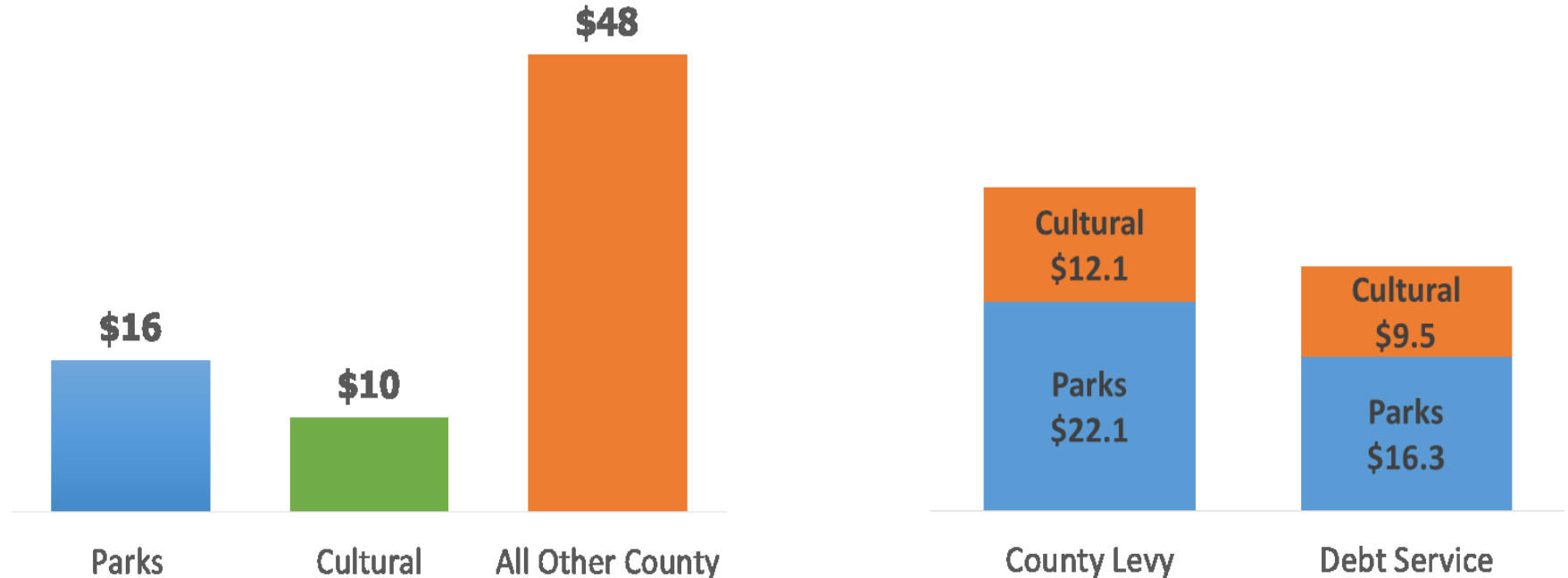
Public Funding – 59%
Private Funding – 0.1%
Earned Revenue – 41%

- **Staffing reductions have contributed to maintenance backlog – returning staffing to 2008 level would cost \$3 million.**
- **\$82.5 million in capital needs over next five years is \$25 million more than actual amount spent from 2008-2012.**
- **Vast majority of capital needs related to repairs and replacement, as opposed to big improvements.**

Under-the radar debt service

Debt service related to parks and cultural institutions accounted for **35%** of the county's general obligation debt service payment in 2012.

Local resources devoted to debt service for parks and cultural entities was **75%** of the amount provided for general operations.



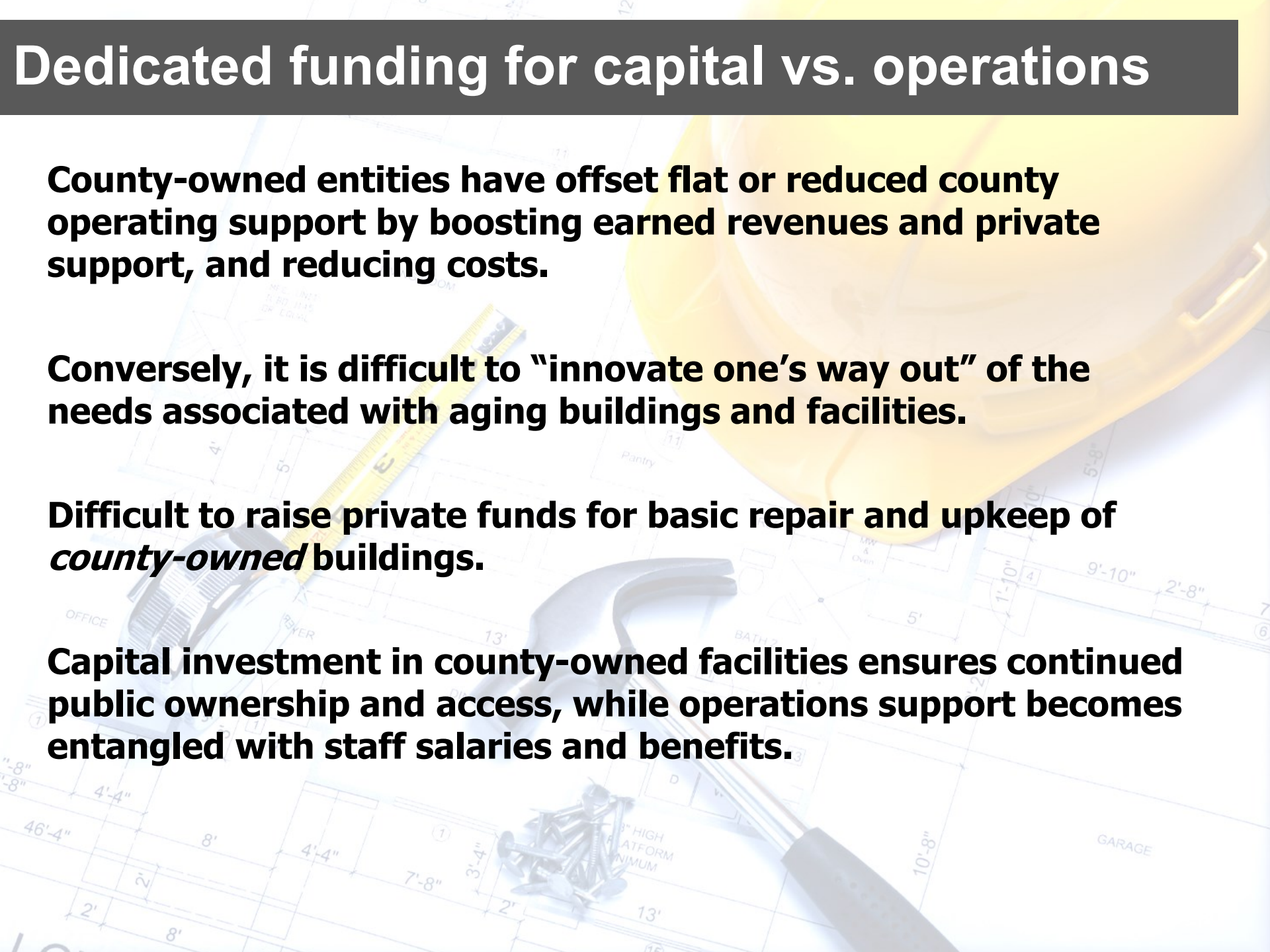
Dedicated funding for capital vs. operations

County-owned entities have offset flat or reduced county operating support by boosting earned revenues and private support, and reducing costs.

Conversely, it is difficult to “innovate one’s way out” of the needs associated with aging buildings and facilities.

Difficult to raise private funds for basic repair and upkeep of *county-owned* buildings.

Capital investment in county-owned facilities ensures continued public ownership and access, while operations support becomes entangled with staff salaries and benefits.



Privately-owned institutions

DISCOVERY WORLD

MILWAUKEE BALLET

MILWAUKEE REPERTORY THEATER

MILWAUKEE SYMPHONY ORCHESTRA

MILWAUKEE YOUTH ARTS CENTER

SKYLIGHT MUSIC THEATRE

Why examine privately-owned

In other metro regions, public funding sources have been used to support public *and* private.

UPAF raises >\$10 million annually to support 36 performing arts organizations.

Limited public support already provided to private groups via CAMPAC and Milwaukee Arts Board.

The report examines six organizations.

Discovery World

Annual Budget: \$7 million



Public Funding – 1%
Private Funding – 43%
Earned Revenue – 56%

- **Operating budget stable after large deficit in 2008, but stagnant earned revenue, lack of reserves, and volatile private funding still provide challenges.**
- **Capital needs much more manageable than other major cultural institutions because of strong private support, low debt levels, and a newer facility.**

Milwaukee Ballet

Annual Budget: \$5.6 million



UPAF Funding – 15%
Private Funding – 33%
Earned Revenue – 51%

- **Operating budget outlook vastly improved because of enhanced earned revenues, but UPAF reliance and lack of reserves still cause for concern.**
- **Deteriorating physical state of Jodi Peck Center and lack of school capacity has prompted \$40 million Harmony Initiative, which may be critical to long-term financial stability.**

Milwaukee Repertory Theater

Annual Budget: \$9.1 million



- **Sizeable deficits in 2008-09 have given way to surpluses and increased attendance, but concerns remain about structural imbalance.**
- **Capital needs will grow in next five years, in part due to major needed repairs to the facility's foundation.**

UPAF Funding – 13%
Public Funding – 1%
Private Funding – 18%
Earned Revenue – 64%

Milwaukee Symphony Orchestra

Annual Budget: \$17.5 million



UPAF Funding – 16%
Public Funding – 1%
Private Funding – 49%
Earned Revenue – 20%

- **Substantial deficits in 2012 and 2013 caused by pension costs, overreliance on private support, and declining ticket sales.**
- **Plans for a new symphony hall put aside for now, but may re-materialize.**

Milwaukee Youth Arts Center

Annual Budget: \$0.5 million



Private Funding – 12%
Earned Revenue – 87%

- **Stable operating condition given growing enrollment at First Stage and MYSO, though growth in other revenue sources desired.**
- **Growing capacity issues and pending capital repairs have prompted plans for \$15 million expansion.**

Skylight Music Theatre

Annual Budget: \$3.3 million



- **Operating deficits in 4 of last 5 years, caused largely by volatility in earned and private revenue; basic maintenance needs are growing.**
- **Substantial need for capital repairs; private fundraising difficult given their non-glamorous nature.**

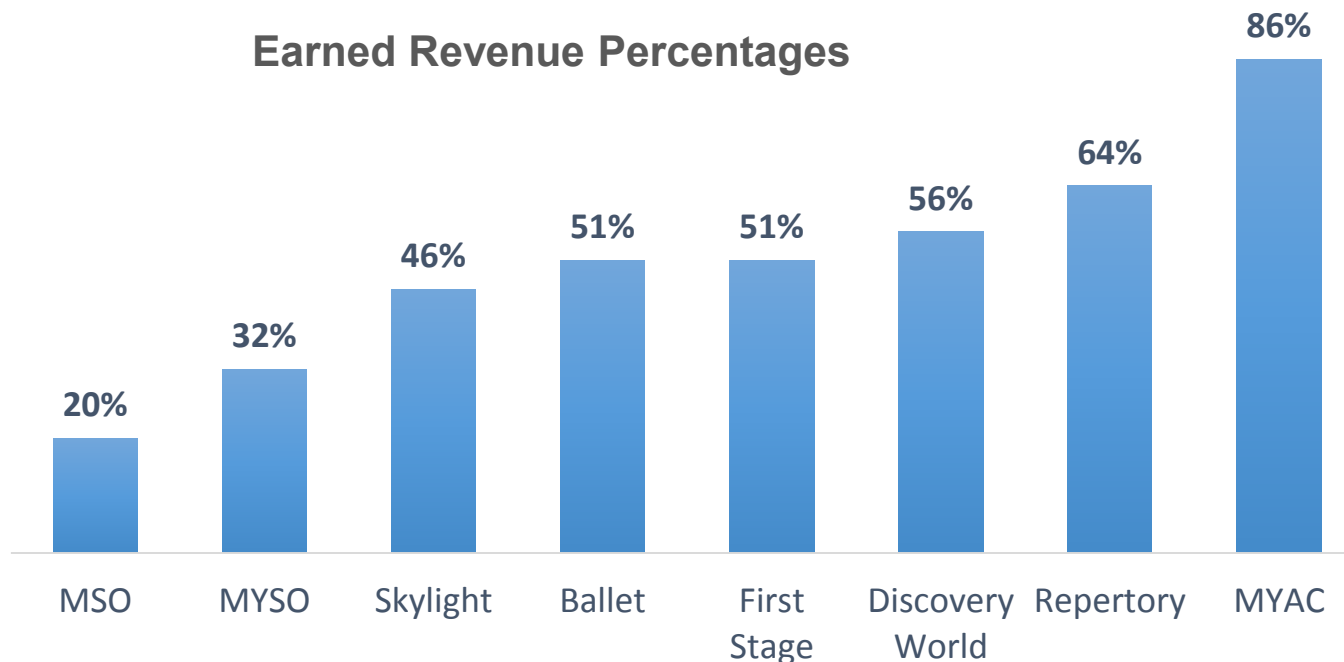
UPAF Funding – 18%
Public Funding – 2%
Private Funding – 31%
Earned Revenue – 46%

Comparing private to publicly-owned facilities

Organizations in private facilities more reliant on earned revenue, thus more susceptible to swings in local economy.

With exception of MSO, operating challenges of private entities are less severe; largely linked to low reserves and growing maintenance needs.

Both types of entities challenged to raise funds for basic infrastructure.



Major sports and convention facilities

BMO HARRIS BRADLEY CENTER

MILLER PARK

WISCONSIN CENTER

Why examine sports & convention?

In other metro regions, public funding sources have included arts/culture *and* entertainment/tourism.

This linkage already being discussed in metro Milwaukee with MMAC task force.

Better public understanding can help inform this discussion.

The report examines three largest entities.

BMO Harris Bradley Center

Annual Budget: \$13.1 million



- **Recent operating deficits averted only because of state grants; now leaning on business and philanthropic support.**
- **Lack of earned revenue options and potential loss of Bucks creates extremely precarious outlook.**
- **Deferred maintenance needs estimated at \$25-\$30 million.**

Miller Park

Annual Budget: \$21 million



- **0.1% sales tax should sunset by 2018; district committed to annual \$1.75 million contribution to segregated reserve fund through 2030.**
- **Capital plan lays out timing/cost of capital investments per anticipated funds in segregated reserve; reserve balance currently \$9 million.**

Wisconsin Center

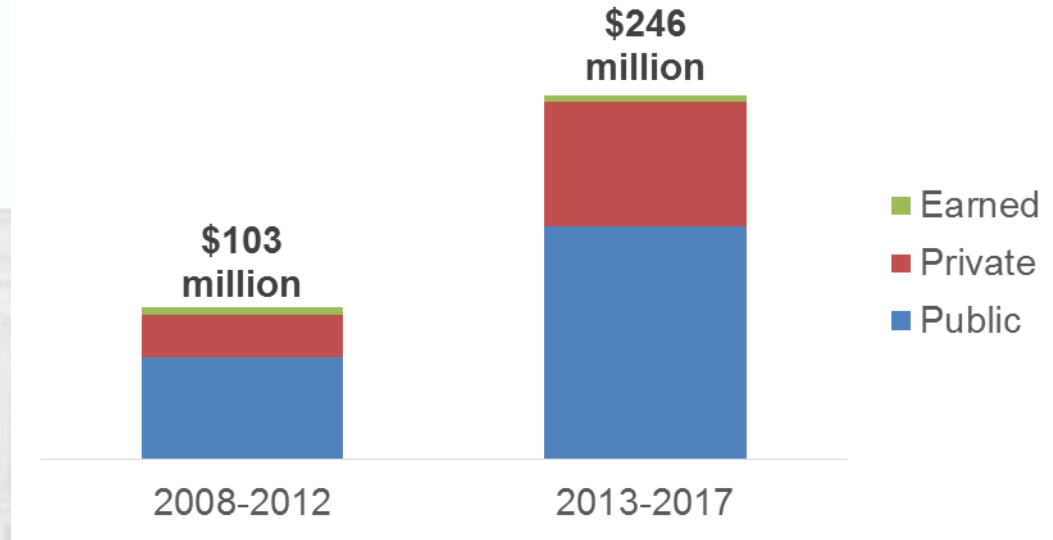
Annual Budget: \$19.7 million



- **Slowdown in convention activity and tax revenues raised concerns about operating stability; increase in food & beverage tax will help for now.**
- **Long-term stability may be linked to convention center expansion; cost likely in \$300 million range.**

Key findings for county-owned entities

Five-year capital needs are immense.



Operating needs generally less acute than capital needs.

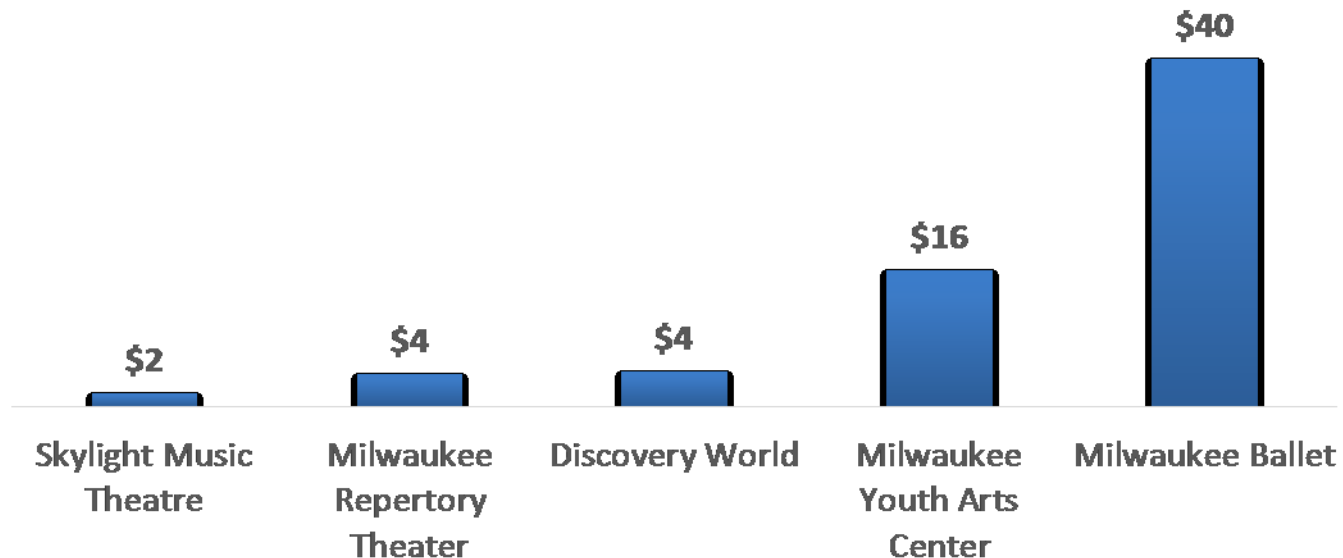
- Most acute for parks and zoo, but recent MPM and WMC/MAM agreements have relieved operating stress.

Key findings for privately-owned entities

Five of the six organizations in sound fiscal health.

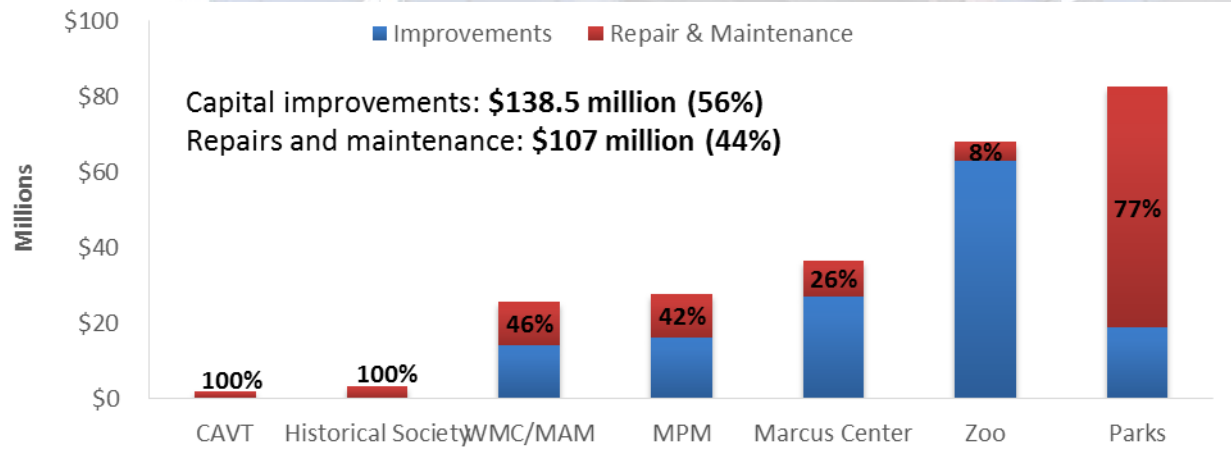
- Biggest concerns are reserves and ability to address basic maintenance/repairs.

Private fundraising for major capital projects generally successful but will be tested in the future.



Other key findings

Wide divergence in terms of basic repairs/replacement vs. capital improvements.



Long-term stability for BMO Harris Bradley Center and Wisconsin Center may be tied to major capital investment.

- Whether the BHBC could survive without the Bucks – and options for the building if it cannot – should be contemplated.

Conclusion

Milwaukee County's public and private arts, cultural, recreational, and entertainment facilities have substantial facility needs.

Whether the needs and challenges facing these institutions rise above those facing other important community assets is beyond our scope but worthy of consideration.

If Milwaukee wishes to build upon its reputation as a city "that strikes the right balance between big city verve and small town friendliness," then additional public investment in its existing array of arts, cultural, and entertainment venues likely will be required.

*Pulling Back
the Curtain:*

*Assessing the needs of major arts,
cultural, recreational, and entertainment
assets in Milwaukee County*