



**Date:** June 7, 2024

**To:** Erica Goblet  
Project Manager  
Milwaukee County Department of Administrative Services  
Economic and Development Division

**Subject: Current Operations at the Marcus Performing Arts Center**

I am pleased to present a report outlining the current operations at the Marcus Performing Arts Center (MPAC). This report includes our five-year fiscal outlook, successes, challenges, the impact of our agreement with Milwaukee County, and our significant role as a cultural and economic driver for the region.

**MPAC as a Cultural Driver**

The Marcus Performing Arts Center (MPAC) is a pivotal cultural driver for Milwaukee, enriching the city's cultural landscape with diverse and high-quality performing arts. As a premier venue for the arts, MPAC attracts patrons from across Wisconsin and Northern Illinois, fostering a vibrant cultural scene that benefits the entire region. The Center's ability to draw audiences from neighboring areas not only highlights its regional significance but also stimulates local businesses, from restaurants to hotels, generating substantial economic activity and additional sales tax revenue. MPAC's wide-ranging programming ensures that it remains a dynamic hub of cultural engagement and a key contributor to Milwaukee County's economic vitality. By hosting a variety of cultural and artistic events, MPAC helps bridge cultural divides, promote social cohesion, and celebrate the diverse heritage of Milwaukee's communities, making the city more attractive to residents and businesses, and fostering a sense of pride and unity.

**MPAC as an Economic Driver**

MPAC is not only a cornerstone of the arts in Milwaukee but also a significant economic driver for the region. Our programming attracts patrons from throughout Wisconsin and Northern Illinois, contributing substantially to the local economy. In the 2022/23 season alone, over half of our ticket buyers traveled from outside Milwaukee County to experience live performing arts in downtown Milwaukee. This influx of visitors supports local businesses and generates additional sales tax revenue, reinforcing MPAC's role as an economic catalyst.

The estimated annual economic impact of MPAC is \$32.4 million, underscoring our importance to the local economy. Our efforts to bring high-quality arts and cultural programming to the region not only enhance the cultural fabric of Milwaukee but also drive economic activity, making MPAC a vital institution for both cultural and economic development.



### **Importance of MPAC's REDI Efforts**

Diversity, Equity, and Inclusion are fundamental to building a just and vibrant society, and MPAC's Racial Equity, Diversity, and Inclusion (REDI) efforts are integral to supporting Milwaukee County's goals. MPAC's commitment to REDI ensures that its programming, leadership, and community engagement reflect the rich diversity of Milwaukee. By creating opportunities for artists of color, investing in community programs that engage underrepresented groups, and fostering an inclusive environment, MPAC enhances its relevance and impact. Aligning with the county's strategic focus on DEI, MPAC drives social progress, ensuring all community members feel valued and included, thus strengthening its position as a leader in promoting social equity through the transformative power of the arts.

### **Five-Year Fiscal Outlook**

MPAC is navigating a transformative period with a strategic shift towards a sustainable business model. Over the next five years, we anticipate significant growth; projecting nearly 30% growth in total revenue with aggressive focus to increase fundraising by 85%. This growth will be driven by the expansion of our programming, significant community outreach, and the adoption of a more integrated customer relationship management system to improve and integrate ticketing and fundraising operations.

However, current fiscal challenges remain formidable. The combined effects of an 18-month shutdown during the COVID-19 pandemic, the departure of the Milwaukee Symphony Orchestra (MSO), and the anticipated redevelopment of our parking structure and subsequent loss of revenue have led to substantial revenue reductions. While we are making significant strides in increasing our fundraising efforts and community engagement, without continued support from Milwaukee County, MPAC faces a negative cash position by 2026. This situation underscores the urgent need for a new operating agreement with the County, as the current agreement will expire at the end of 2025.

### **Successes**

MPAC has made important strides in several areas:

- **Community Engagement:** Our initiatives have greatly expanded to include a broader range of community programs and educational outreach, serving approximately 300,000 people annually. Our commitment to inclusivity and diversity is reflected in our programming like never before, which features a majority of artists from diverse backgrounds, including local diverse artists to bolster our local creative community.
- **Diverse Programming:** We have introduced new programming and also free events such as Rainbow Summer, featuring diverse local, national, and international artistic

talent and drawing significant community participation. These events not only enrich the cultural fabric of Milwaukee but also attract patrons from throughout Wisconsin and Northern Illinois.

- **Fundraising Efforts:** Since launching a formalized fundraising program in 2021, we have seen a 257% increase in donors, and our contributed revenue has tripled. This growth is a testament to our investment in building a culture of philanthropy that never existed, telling our story and the value that individuals find in the work we are doing to truly be a cultural gathering space that reflects the full diversity of Milwaukee.
- **Educational Programs:** Our robust arts education programs continue to engage young audiences and support the development of future arts patrons. These programs include a Student Matinee Series and Artist Residencies, serving more than 10,000 youth and their families annually.

### Concerns/Challenges

Despite these successes, MPAC faces several critical immediate challenges:

- **Revenue Reductions:** The 18-month closure during COVID, along with the simultaneous departure of the MSO, and ongoing County funding reductions have significantly impacted our revenue streams. These reductions have outpaced our capacity to grow fundraising and build new audiences, creating a temporary structural deficit. The MSO's departure alone resulted in an over \$1 million annual revenue loss, and continued reducing County funding further exacerbates our financial strain.
- **Parking Structure Redevelopment:** The planned redevelopment of our parking structure in late 2025 will further reduce our operating income by approximately \$650,000 annually.
- **Sustainability of New Business Model:** While our new business model is grounded in significant data benchmarking and research of performing arts centers in similar nationwide markets, it will require time to transition fully. During this period, we will continue to experience financial strain as we work to increase our fundraising capacity and diversify our revenue streams.
- **Decreasing Cash Reserves:** MPAC has been able to sustain its operations over the past few years partly due to cash reserves bolstered by COVID relief funding. However, these reserves are decreasing. Without significant action and continued support, we could be in a negative cash position by 2026. This dire financial outlook highlights the urgent need for increased fundraising and additional County support to bridge the gap and ensure MPAC's sustainability during this transitional period.

### **Steps Taken to Improve Fiscal Stability**

MPAC has proactively implemented several measures to mitigate our cash shortfalls and ensure financial stability during this transitional period. Recognizing the urgent need to adapt to new financial realities, we have embarked on a comprehensive strategy aimed at increasing revenue, reducing costs, and enhancing operational efficiency.

- **Private Donor Campaign:** We have significantly ramped up our fundraising efforts, launching targeted campaigns to attract new donors and increase contributions from existing supporters. Our formalized fundraising program, initiated in 2021, has already yielded a 257% increase in the number of donors and tripled our contributed revenue. We continue to build a culture of philanthropy within the community, emphasizing the importance of supporting MPAC's mission.
- **Expanded Programming and Community Outreach:** By diversifying our programming and increasing community engagement, we aim to attract a broader audience and boost ticket sales. Series such as Rainbow Summer, which is an example of our free programming, reinforce our role as a cultural gathering space for all, regardless of whether you buy a ticket. This initiative, along with expanded Broadway offerings, has been introduced to draw larger and more diverse crowds. These efforts not only enhance our cultural impact but also contribute to increased earned revenue, ensuring that MPAC remains a vibrant and inclusive hub for the community.
- **Cost Management and Efficiency Improvements:** We have implemented stringent cost-control measures across the organization. This includes optimizing our operational processes, renegotiating vendor contracts, streamlining administrative functions and strategically managing all discretionary spend. Our goal is to reduce overhead costs while growing community impact and without compromising the quality of our programs and services.
- **Investing in Technology:** We are in the process of evaluating and implementing a more integrated customer relationship management system. This will enable us to enhance our ticketing and fundraising capabilities, ensuring that revenue from ticket fees remains local and supports MPAC initiatives. Improved data management will also allow us to better understand and engage with our patrons, driving both ticket sales and donations.



- **Refinancing Parking Garage Debt:** To manage our financial obligations more effectively, we are refinancing the debt related to historic maintenance we paid for the parking garage through the Milwaukee Economic Development Corporation (MEDC). This refinancing will help reduce our annual debt service costs, freeing up funds that can be redirected towards our programming and operational needs.

### **Impact of the Agreement with Milwaukee County**

The partnership between MPAC and Milwaukee County has been instrumental in our ongoing success throughout the history of this institution. The County's support has enabled us to maintain our facilities and expand our programming, thereby enhancing the cultural landscape of Milwaukee. However, as we continue to navigate financial challenges, ongoing County support remains crucial to sustaining our operations and fulfilling our mission. The current operating agreement will expire at the end of 2025, and it is imperative that we establish a new agreement to ensure the continuity of our operations.

The County's investment in our physical infrastructure has been substantial, but the reduction in operating contributions since 2016 has been a further strain on our finances. While we believe that the current operating agreement was signed with the best intentions of putting MPAC on a financially sustainable path, the subsequent events have undercut the original assumptions of where we would be as an organization ten years later. To ensure MPAC can continue to serve as a cultural anchor, we will be requesting the County's continued financial support to help bridge the funding gap and support our transition to a more sustainable model.

### **Conclusion**

The Marcus Performing Arts Center is at a pivotal juncture. We are excited about the transformational changes underway and remain committed to enriching Milwaukee's cultural and artistic landscape. However, the sustainability of our operations depends significantly on ongoing support from Milwaukee County. We look forward to continuing our partnership to ensure MPAC remains a vibrant and inclusive gathering place for all.

Thank you for your continued support and commitment to the arts in Milwaukee.

Sincerely,

A handwritten signature in blue ink that reads "Kevin Giglinto".

Kevin Giglinto, CEO  
Marcus Performing Arts Center

