



May 14, 2012

County Board Chairwoman Marina Dimitrijevic
County Supervisor Gerry Broderick, Chair, Committee on Parks, Energy &
Environment

Dear Supervisors,

We are writing in response to the February 28, 2012 request of County Supervisor Patricia Jurzik to provide a report on issues specific to the Marcus Center for the Performing Arts as a result of the recent County Audit of the War Memorial Center. We were asked to comment on governance, mission, facility and financial support as they relate to the Marcus Center.

Governance

While having historically functioned under the auspices of the War Memorial Corporation Inc.'s 501 (c) 3 tax-exempt status, the Marcus Center took the step of obtaining its own 501 (c) 3 status in 2005. This step was consistent with the *Final Report of the War Memorial Study Committee (March 1998)* that the individual entities of the Corporation each pursue their own individual tax-exempt status.

Since 2005, the Center has for all practical purposes functioned independently of the Corporation. The Center maintains a twenty-five member governing board, with seven members appointed by the County Executive and confirmed by the County Board. The Center's annual County allocations for both operating and capital purposes are negotiated directly with Milwaukee County by Marcus Center staff. Once our annual operating and capital budgets are reviewed and approved by the Center's Board of Directors for submittal to the County, the Corporation essentially ratifies that approval without detailed review by Corporation staff. Other than providing quarterly financial reports to the Corporation that are then passed through to Milwaukee County, all affairs (e.g. capital planning and implementation) are handled between Center and County staff.

In recent years, combined insurance coverage (e.g. health, general insurance) with the Corporation has been separated, with the Center now carrying its own insurance at a considerable dollar savings. (The one remaining combined coverage is for long-term disability insurance.) Other efforts to combine or coordinate services are either not practical (marketing, programming) or not cost effective (housekeeping, service contracts, etc.). Marcus Center staff is employed by the Center and reports directly to the Board of Directors through the President & CEO. No staff oversight is required of, nor provided by, the Corporation staff.

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Facility

We believe that as stewards of a public facility that is also a war memorial, we have a responsibility to operate it in a fiscally responsible manner and be pro-active in preserving its integrity. We believe our forty-two years of balanced budgets and our constant attention to facility upkeep is evidence of that.

Originally built in 1969, the Center underwent a major renovation in the mid '90's. Through a public-private partnership with Milwaukee County, \$27 million was invested in an extensive interior and exterior renovation. Public facilities such as those entities of the Milwaukee County War Memorial undergo continuous use, and constant attention must be placed on capital reinvestment and major maintenance. This is a particular challenge for our facility, which brings in an annual attendance of over 800,000 and is in use year round.

Since the major renovation, the County has cumulatively invested over \$6 million in capital through 2012. We are of course grateful for the commitment of these dollars, but believe the process should start with our staff's pro-active attention to operations, planning, budgeting and coordination with the County's capital program.

Our Mission as a War Memorial Entity

Since it opened in 1969, the Marcus Center has been designated a war memorial. Embedded in the front lobby sidewalk is a bronze plaque stating our mission "To Honor the Dead by Serving the Living—Dedicated to the Principles of Art and Peace". We deeply respect the service of veterans to our country, and strive to honor them and carry out our mission through programming at our facility.

While a specific amount of programming is not reviewed or required by the Corporation, we annually commit to undertake events that will adhere to our mission. Our annual Flag Day Celebration is held each June on our grounds—free and open to the public. We closely coordinate this event with the Corporation's Veterans Board, which provides key leadership in making Flag Day a success. We annually look to book performances such as this April's appearance by the United States Air Force Mid-America Concert Band.

Long Range Financial Planning

It has been the Center's goal to work toward financial self-reliance and wean itself from the County's annual operating subsidy over time. As the Milwaukee County Board is aware, the Center is currently working in collaboration with the Harmony Initiative (Milwaukee Ballet Company, UW-Milwaukee Peck School of the Arts, Medical College of Wisconsin Sports Medicine Clinic) on a major redevelopment on the site of the Center's current parking structure. The County Board unanimously endorsed our plan to replace the structure and endorsed the collaboration with the Harmony Initiative. A County work group, created by the resolution, is currently working with the Center to determine the level of County financial participation in the project. The project presents an opportunity to turn what has been an annual operating subsidy into an investment in growing our business.

The two-acre site, upon which our parking structure sits, is leased from the City of Milwaukee. Its strategic location presents an opportunity to create a catalytic development for Milwaukee, as well as lead us to greater financial self-reliance. As a War Memorial facility we have developed the singular capability to work collaboratively with the County and our other partners—a credit to the success of the War Memorial Board of Trustees in nurturing us to this point.

Going Forward

When the Milwaukee County War Memorial was originally conceived in the 1950's, plans called for building a music hall to be built alongside an art center, as one large memorial complex dedicated to honoring the service and sacrifice of our veterans. In conjunction with that plan, Milwaukee County designated the Memorial Board of Trustees with the responsibility for oversight of the management and operations of all buildings.

While the music hall—the Performing Arts Center—was subsequently located where it stands today, the PAC was still considered an integral part of Milwaukee County's War Memorial. Civic leaders and the War Memorial Board of Trustees guided the planning, development and ultimate construction of the performing arts center. Its development and growth into what it is today as the Marcus Center for the Performing Arts would simply not have been possible without the guiding hand of the War Memorial Board. What we are today is a testament to the foresight of these leaders, who share great responsibility for our success.

The corporate structure of the War Memorial, particularly under George Gaspar's leadership, served a critical purpose in getting the original War Memorial Center built, the growth and expansion of the Milwaukee Art Museum, the construction of the city's performing arts center, and the integration of the Charles Allis and Villa Terrace art museums into the war memorial family.

The Milwaukee Art Museum and the Marcus Center for the Performing Arts are now independently successful and fully capable of engaging in new developments to insure their long-range viability as cultural institutions. Charles Allis/Villa Terrace stands on the verge of accomplishing the same.

While the County Audit rightly identifies the need for examining the corporate structure, its reference to that structure as “antiquated” sells the historical accomplishments of the War Memorial Corporation far short. In fact, reviewing the history shows that the Corporation has been very instrumental in making several of its member organizations the independent successes they have become today.

At this point in the corporation's history, two critical issues require immediate attention:

- 1) Addressing the deteriorating condition of the most critical of the County's war memorial facilities—the War Memorial Center itself; and
- 2) Insuring that in perpetuity, our veterans are respectfully recognized and honored for their service.

The War Memorial Corporation Board should be applauded for its historical accomplishments. A major restructuring, however, is necessary if Milwaukee County is to align the War Memorial organization with the need to address the issues, as they exist today. Our recommendations are offered with that in mind:

1. Re-Structure the Corporation's Board of Trustees

Wisconsin State Statute 45.058 provides that any county with a population of 500,000 or over may establish and maintain its memorials by agreement with a private nonprofit corporation. In Milwaukee County, this is of course the Milwaukee County War Memorial Board of Trustees. Milwaukee County, in collaboration with the organizational members, should determine what the appropriate role, make-up and responsibilities of the Board of Trustees should be, in order to align it with the most critical needs we have cited above.

The traditional oversight of facilities the Board of Trustees has provided is no longer needed, given the growth in the ability of the individual organizations to perform that function.

We believe in restructuring the board, to enable it to focus on one of the areas in need of significant improvement—that of recognizing and honoring our veterans for their service. Its primary responsibility should be oversight of veterans programming and services rather than oversight of war memorial buildings and their operations.

A restructured board can more effectively do this if it no longer needs to provide facility oversight to the War Memorial Center, Marcus Center, Milwaukee Art Museum and Charles Allis/Villa Terrace Museums.

Further review is needed to determine if this can best be accomplished through a corporate restructuring with a shift in focus, through its dissolution and subsequent creation of a new entity, or a merger with the Veterans Board.

2. Support the Milwaukee Art Museum's plan to assume operational control of the War Memorial Center facility.

Under separate cover, the Milwaukee Art Museum has provided a very detailed rationale and plan for assuming management and operation of the War Memorial Center facilities. As the audit graphically details, the War Memorial Center is faced with serious capital repairs if it is to maintain its integrity as our County's primary memorial to veterans.

Given the fiscal challenges Milwaukee County faces, addressing these critical repairs can more readily be accomplished if the County can leverage its capital dollars to secure greater private investment. Time is of the essence, and it would take far too long for the War Memorial Board of Trustees or the recently formed War Memorial Center Facility Board to develop the capacity to engage in the major capital campaign required to raise private dollars.

A new partnership with the Milwaukee Art Museum would more effectively and more readily do this.

3. Strengthen the Role and Responsibilities of the Veterans Board

The existing Veterans Board has a well-defined mission, duties and responsibilities. In line with a restructuring of the corporate board, The Veterans Board could include expanding upon the recognition of the contributions of veterans, advocating for services to veterans, and providing input to the Milwaukee Art Museum as it assumes managerial/operational control and expands its programming and exhibits in recognition of veterans. The Marcus Center would also welcome a stronger collaborative relationship with the Veterans Board to advise the Center on how we can strengthen our role as a war memorial.

4. Maintain the member organizations' commitment to honoring veterans

While the majority of programs and events honoring veterans should rightfully be held at the War Memorial Center, all of the entities considered war memorials should be expected to do the same, and the Marcus Center will continue to do its part. Milwaukee County should require memorandums of understanding with each of the entities that spell out their respective expectations as the County's war memorials. In addition, representatives of each entity should serve on the Veterans Board of Directors.

5. Support the Charles Allis/ Villa Terrace Museums plans to achieve organizational independence.

Also under separate cover, the CAVT has detailed its proposed plans to secure its own 501 (c) 3 tax-exempt status, gain control over various organizational matters (e.g. finances, personnel) and engage in more aggressive fundraising. We believe, based on our own experience, that this move is warranted and will enable the County to leverage its investment in the facilities for greater private sector support.

We trust these recommendations are constructive to the process of improving our collective commitment to "Honor the Dead by Serving the Living". We are certainly willing to be a part of designing new approaches. We can assure Milwaukee County that with whatever changes are determined to be most effective, the Center's commitment to veterans will remain strong.

Sincerely,



Gregory Marcus
Marcus Center Board Chair



Paul Mathews
President & CEO