

REPORT IN BRIEF

DELAY OF GAME

An analysis of repair and replacement needs for Milwaukee County's parks, recreational facilities, and cultural institutions



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POLICY FORUM

ABOUT THE WISCONSIN POLICY FORUM

The Wisconsin Policy Forum was created on January 1, 2018, by the merger of the Milwaukee-based Public Policy Forum and the Madison-based Wisconsin Taxpayers Alliance. Throughout their lengthy histories, both organizations engaged in nonpartisan, independent research and civic education on fiscal and policy issues affecting state and local governments and school districts in Wisconsin. The Wisconsin Policy Forum is committed to those same activities and to that spirit of nonpartisanship.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide citizens and policymakers in the Milwaukee region with an understanding of the condition of parks, recreational, and cultural assets owned by Milwaukee County, as well as the county's financial capacity to finance capital repairs and improvements to those assets in the near-term future. We hope that policymakers and community leaders will use the report's findings to inform discussions during upcoming policy debates and budget deliberations at the local and state levels.

Report authors would like to thank officials and staff from the Milwaukee County Department of Parks, Recreation, and Culture, the Milwaukee County Zoo, the Milwaukee County Department of Administrative Services, and the private nonprofit entities that operate various county-owned cultural facilities. We sincerely appreciate their assistance in providing information on infrastructure condition and financial matters, and for patiently answering our questions.

In addition, we wish to acknowledge and thank the several entities that are providing financial support for our series of reports on local infrastructure condition and need. They are the Herzfeld Foundation, Wisconsin Housing and Economic Development Authority, MMSD, City of Milwaukee, Fund for Lake Michigan, and Brico Fund. We also thank the Northwestern Mutual Foundation and the Rockwell Automation Charitable Corporation for their long-standing support of our local government finance research.

INTRODUCTION

Greater Milwaukee's parks, recreational opportunities, and cultural attractions are both locally and nationally acclaimed for their strong contributions to the region's quality of life. However, Milwaukee County's ownership of several of the most prominent parks, recreational, and cultural facilities subjects these assets to some of the same fiscal constraints as roads, buses, and other, more mundane forms of public infrastructure.

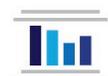
The Wisconsin Policy Forum has embarked on a comprehensive research project to assess whether the largest local governments in Greater Milwaukee are effectively addressing all of their infrastructure needs, and to determine whether they have the financial capacity to meet their infrastructure challenges going forward. Previous reports in this multi-part series focused on transportation infrastructure owned by Milwaukee County and the City of Milwaukee; water, sewer, and wastewater infrastructure owned by the Milwaukee Metropolitan Sewerage District and the city; and buildings owned by the city and county.

In this report – our fourth in the series – we explore the county-owned parks, recreational, and cultural infrastructure. The report's scope ranges from icons of the cultural cityscape – the Milwaukee County Zoo, the Milwaukee Public Museum, the War Memorial Center, the Milwaukee Art Museum, the Marcus Center for the Performing Arts, and the Mitchell Park Horticultural Conservatory (the Domes) – to the humble service yards and parking lots that serve the county's vast network of parks, beaches, and recreational facilities.

CONDITION OF COUNTY-OWNED CULTURAL ASSETS

County buildings are evaluated using the county's Facility Condition Index (FCI) and Replacement Index (RI). Outstanding capital needs for a given building are aggregated and divided by the building's replacement value to develop an FCI rating, which is meant to convey the current condition of the building to managers and policymakers. To supplement the FCI, county engineers also use the RI, which is a more thorough calculation of upcoming costs due to aging systems, typically within a 10- to 20-year window.

County engineers provided data from their most recent condition assessments for 39 cultural assets. After filtering out condition assessment data for infrastructure assessed before 2013 and structures of less than 1,000 square feet, that left 28 assets, including the most prominent Milwaukee County Zoo buildings, the Milwaukee Public Museum, the Marcus Center for the Performing Arts, and a large portion of Historical Society buildings. For the War Memorial Center, the Milwaukee Art Museum, the Villa Terrace Decorative Arts Museum, and the Charles Allis Art Museum – and to supplement the available condition assessment data we did have – we gathered qualitative data through interviews with officials.



Snapshot: Condition of County-Owned Cultural Assets

Milwaukee County Zoo



FCI and RI ratings for major zoo buildings raise some concern, but a long-term capital plan that is already being implemented will produce significant physical and functional improvements. Also, previous long-term facility plans have resulted in relatively recent major investments in zoo assets.

Milwaukee Public Museum



Despite receiving nearly \$10 million for repairs and updates in the past five years, the MPM building faces \$30 million in deferred maintenance. Officials say upgrading the current building to meet their needs would cost \$200 million, prompting a search for a new site.

War Memorial Center & Milwaukee Art Museum



Since 2013, \$15.5 million in county funds, plus private donations, have produced major improvements to the physical condition and functionality of both the WMC and MAM buildings. An additional \$3.3 million in infrastructure investment at the WMC is needed from 2019 to 2022, however.

Marcus Center for the Performing Arts



The Marcus Center has seen nearly \$12 million in county-funded capital investment since 2013, which has improved the physical condition of key buildings. Concerns remain, however, about the facility's cultural functionality and needed investments to bring it up to the standards of a modern performing arts center.

Milwaukee County Historical Society



Despite more than \$10 million in capital investment in the society's downtown historical center since 2002, including a major interior renovation, additional capital needs remain for the building's exterior, and it is not sufficient to achieve all of the society's goals. Separately, the county-owned and society-operated Trimborn Farm historical site is in poor condition.

Charles Allis/Villa Terrace Museums



Neither museum has seen county-funded capital improvements in the past three years, and both have significant deferred capital needs, including leaks that have required emergency repairs. The county has included several CAVT projects in its five-year capital plan, however.

Following is a summary of key infrastructure issues at each cultural institution:

- For the **Milwaukee County Zoo**, the county provided current FCI/RI data on what it termed the 19 “primary” zoo buildings. After screening out one building of less than 1,000 square feet, we were left with 18 buildings, with a combined replacement value of nearly \$76.2 million. Based on the FCI ratings, 46% of these structures are in good condition, 15% in fair condition, and 39% in poor condition. But by RI ratings, just 2% are in good condition and 98% should be considered for replacement within the next decade.

Zoo leadership disputes some of these ratings, believing they do not accurately account for prior capital investments, but agrees some buildings and facilities have issues that should be addressed and/or need upgrades to improve cultural functionality. With both physical and cultural needs in mind, the zoo, in partnership with the Zoological Society of Milwaukee, developed a new 25-year facility master plan in 2013, with a goal of raising \$86 million from 2014 to 2023. Zoo leadership hopes the society and county each will provide 50% of the funding, as they did in the past. Overall, in the four years since the plan took effect, the zoo has spent \$36.3 million on major capital projects, or 42% of the projected 10-year total.

- Although the **Milwaukee Public Museum (MPM)** has spent \$9.8 million on significant repairs and updates in the past five years, severe issues remain in the museum’s storage of specimens and artifacts, where the collection is threatened by leaking pipes, a lack of climate control, and outdated technology. Failure to address these issues could threaten the MPM’s re-accreditation by the American Alliance of Museums in 2020, and losing accreditation would end the traveling exhibits that have generated needed revenue. MPM leadership also believes the building no longer meets its needs for cultural functionality.

Given the choice between renovating the current facility, at a cost of \$200 million or more, and finding a new home, with a price tag of \$150 million to \$200 million, MPM leadership has opted for the latter. Even with a recently initiated capital campaign, however, major uncertainties remain. MPM leadership believes its fundraising goal can be attained only with substantial financial support from the State of Wisconsin – which lacks a history of providing such support – and potentially the county, which has other infrastructure issues. Without a new building, the future of the public museum is in grave jeopardy.

- In 2016, the county, **Milwaukee Art Museum (MAM)**, and nonprofit **Milwaukee County War Memorial Inc. (WMI)** reached an agreement to transfer to MAM ownership of the portions of the War Memorial Center used by MAM, as well as the O’Donnell Park parking structure. That agreement also transferred ownership of the portions of the building occupied by the War Memorial to WMI. As part of the agreement, the MAM assumed responsibility for capital improvements (currently projected at \$28.8 million) for those portions of the building it owns.

Since 2013, the county has provided more than \$15.5 million in capital funding for the War Memorial and MAM, supplemented by more than \$2 million contributed by WMI. Of that money, approximately \$6 million has gone toward projects in the spaces occupied by the MAM. Additional War Memorial improvements estimated at \$3.3 million are projected in the county’s 2019-2022 capital improvements plan.

- Although the main building of the **Marcus Center for the Performing Arts** is in good condition, with no deferred major capital repair projects, center officials view the building’s cultural functionality as adequate but not up to the standards of a modern performing arts center. They are considering future capital projects to enhance cultural functionality with a more open design, an investment that would require a major boost in private fundraising. Also, the outdoor Peck Pavilion has been rated in poor condition by both FCI and RI standards. Center leadership disagrees with these ratings and does not believe they accurately represent the impact of previous capital investments.

The county and Marcus Center have negotiated a 99-year lease that will give the nonprofit a larger role in capital funding after completion of a 10-year capital plan. The county will retain responsibility for utilities on the outside of the building and for the adjacent section of the Riverwalk. Previously, the county provided most capital funding, occasionally supplemented by private donations, while the nonprofit handled day-to-day maintenance. The Marcus Center has plans to launch a capital campaign to meet its expanded responsibilities.

- Even with an investment of more than \$10 million in capital projects since 2002, the nonprofit **Milwaukee County Historical Society’s** leadership estimates the Milwaukee County Historical Center still has about \$750,000 in deferred repair needs. A 2015 assessment rated the county-owned building as “fair” on the FCI scale, but with an RI score indicating it should be considered for replacement. Furthermore, society leadership believes the building is not culturally functional and never will be.

Until 2016, the county was responsible for the building’s exterior and its mechanical systems, but the society took over financial responsibility for future infrastructure projects under a new lease that year. The county continues to own and insure the building, and is paying the society \$54,000 a year for five years to assist with infrastructure costs. The society is storing most of the county’s older records off-site in leased warehouse space, which society leadership considers inadequate.

Society leadership is gravely concerned about the future of the county’s only historical park, Trimborn Farm, where it estimates deferred maintenance/repairs at \$2 million. Conversely, society leadership considers Kilbourntown House to be in excellent condition, thanks to the efforts of volunteers since a 2014 assessment rated the site “poor.” Under a pending lease, the county would be responsible only for the building’s foundation and mechanical systems.

- Despite recent and planned appropriations, current funding may not be enough to take care of the capital needs of the **Charles Allis Art Museum (CAAM)** and the **Villa Terrace Decorative Arts Museum (VTM)**. Major capital projects for the CAAM have been deferred in prior years, including 2018, when projects totaling more than \$2.5 million were moved to 2019. This deferral has taken a toll, forcing the nonprofit Charles Allis and Villa Terrace Museums Inc. to use operating funds to repair critical leak damage, address safety hazards, and upgrade air conditioning systems at both museums. More unbudgeted work is needed in 2018 to deal with leak damage at the CAAM. Beyond their structural needs, both museums cite the need to improve their cultural functionality.

CONDITION OF COUNTY PARKS AND RECREATION ASSETS

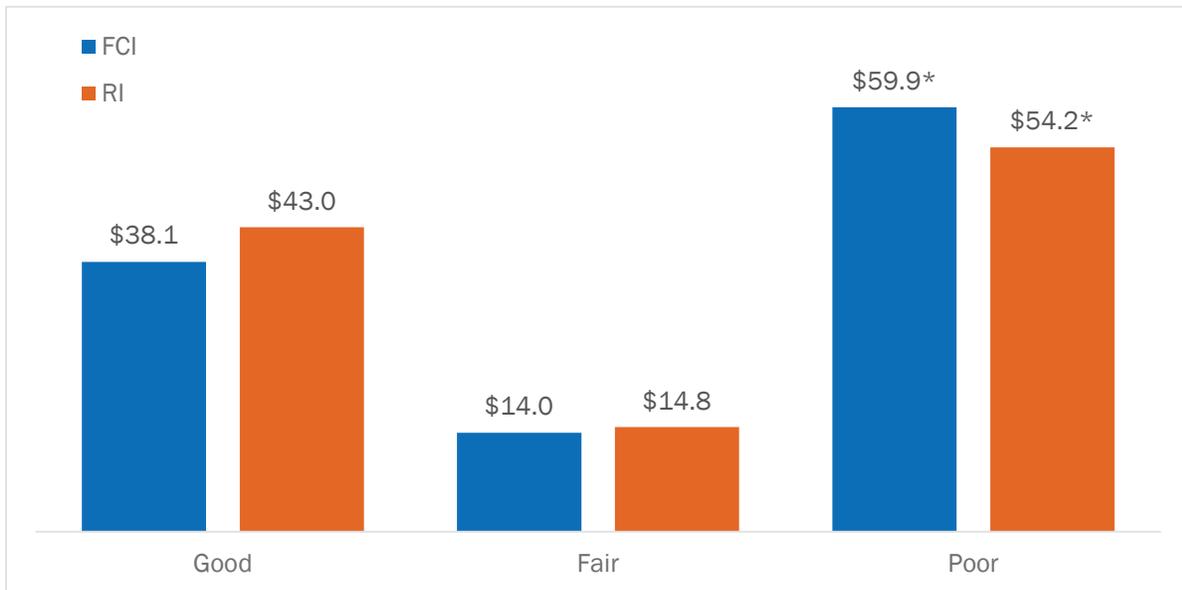
Milwaukee County's parks and recreational facilities occupy 15,325 acres of county-owned land, including 158 parks and 11 parkways. The Parks Department also operates regional cultural/educational attractions (Boerner Botanical Gardens, Wehr Nature Center, and the Domes), marinas, water parks, swimming pools, and splash pads.



Within its parks system, the county owns 443 buildings, most of which are smaller than 1,000 square feet. After filtering the county-provided list to include only those buildings larger than 1,000 square feet that have been assessed since 2012 (with limited exceptions), our list was reduced to 95 buildings. Together, these 95 buildings have a total replacement value of \$112 million.

As shown in **Chart 1**, the identified park buildings in poor condition by FCI rating – i.e., those in need of immediate repair or replacement – total almost \$60 million in replacement value (RV), while those in fair condition account for another \$14 million worth of RV, yielding a combined total of nearly \$74 million in RV for larger park buildings in fair and poor condition. Similarly, by RI rating, 18 of the buildings on our list should be considered for replacement, at a total value of approximately \$54.2 million, and another seven buildings are nearing replacement, with a combined value of \$14.8 million, for a total of \$69 million worth of facilities that need replacement now or in the near future.

Chart 1: Replacement value of county parks buildings by condition (in millions)



Source: Milwaukee County

* \$39.6 million of the RV for poorly rated facilities is attributed to one facility: the Domes.

In both cases, however, it should be noted that a single major facility – the Domes – accounts for \$39.6 million of the RV for park buildings in fair or poor condition, or needing replacement now or in the near future. If we remove the Domes from the list, a majority of the RV of larger park buildings would be in good condition.

Since 2012, cracked glass and loose concrete have forced a series of short-term repairs at the Domes, culminating in a temporary closure for much of 2016. This crisis led the county to appoint a task force to consider the long-term future of the facility, with the active involvement of the conservatory’s nonprofit support group, the Friends of the Domes. That study suggests the conservatory is in need of major renovation, a complete reconstruction, or full replacement. The potential costs of these choices would range from \$10 million to \$95 million.

Keeping the Domes for their original purpose would prompt a choice of whether to appropriate \$20 million to \$30 million to address deferred repairs exclusively, or to invest \$40 million to \$50 million to improve cultural functionality as well as structural issues. The costliest options, estimated to range from \$70 million and \$95 million, would involve a complete redevelopment and reimagining of the conservatory. The task force believes all of the options, other than doing nothing and/or demolition, would require substantial support from private donors to supplement county support.

Paved assets – including parkways, park walkways, trails, parking lots, basketball courts, tennis courts, and service yards – are assessed based on their pavement quality. The Parks Department uses a modified version of PASER, which is a pavement rating system generally used for county trunk highways. Paved surfaces are rated through visual inspections using PASER standards. When necessary, drainage assessments also are conducted and included in an overall rating.

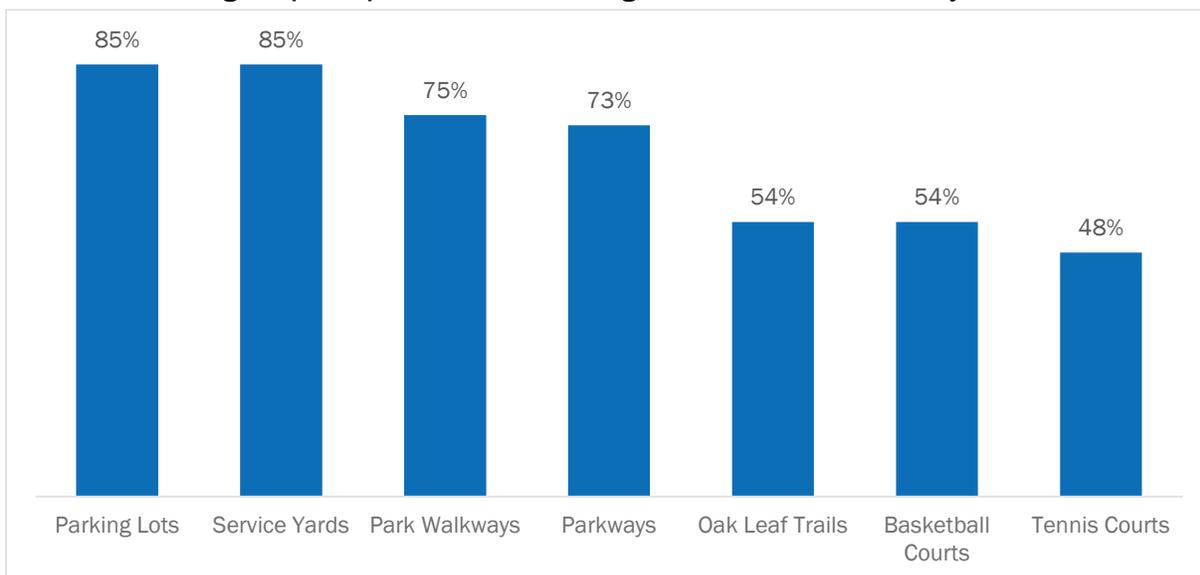
Table 1 illustrates the breadth of the county’s paved parks assets, while **Chart 2** shows that a significant portion of every category of these assets will need reconstruction within 10 years.

Table 1: Milwaukee County paved parks assets

Capital Asset	Quantity
Parkways	63 miles
Parking Lots	6.4 million ft ²
Park Walkways	108 miles
Oak Leaf Trails	60.3 miles
Service Yards	0.7 million ft ²
Tennis Courts	95 courts
Basketball Courts	82 courts

Source: Milwaukee County Parks Department

Chart 2: Percentage of parks paved assets needing reconstruction within 10 years



Source: Milwaukee County Parks Department

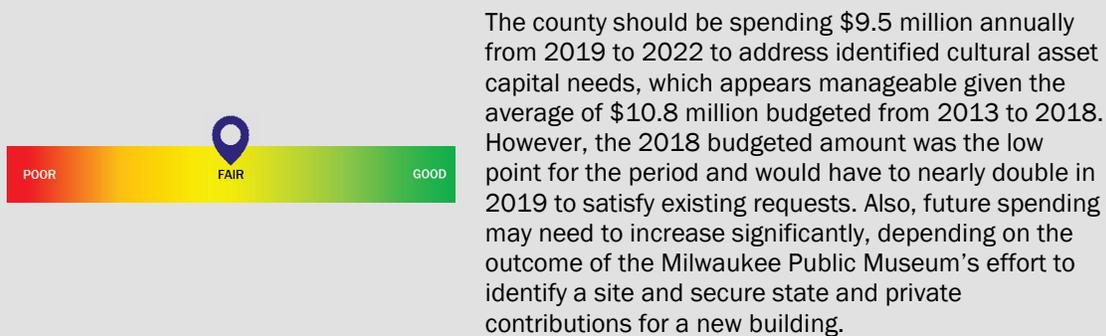


The county's vast parks system includes numerous other assets for which current condition assessments are incomplete or unavailable, if indeed they were ever conducted at all. This includes water parks, pools, splash pads, unpaved assets, and marina infrastructure other than buildings and parking lots. Despite the lack of condition assessments, some of these assets have been the subject of millions of dollars in capital projects, and county officials have identified additional needs.

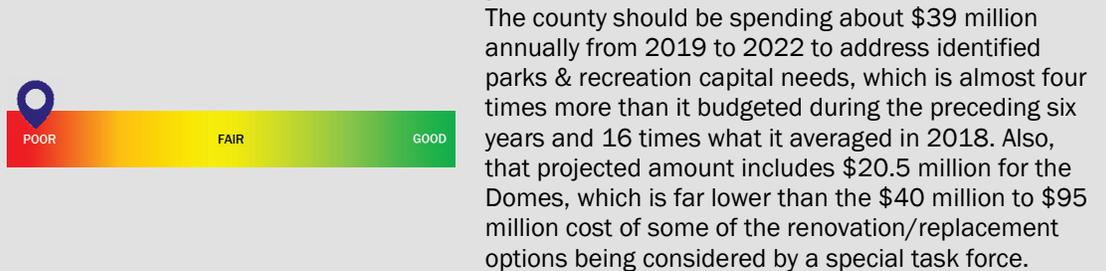
FINANCIAL CAPACITY TO ADDRESS INFRASTRUCTURE NEEDS

The boxes below summarize our findings in regard to Milwaukee County's fiscal capacity to address its future parks, recreational, and cultural infrastructure needs.

Snapshot: County Fiscal Capacity to Address Cultural Asset Capital Needs



Snapshot: County Fiscal Capacity to Address Parks & Recreation Capital Needs



We can assess the county's ability to pay for requested capital improvements in two ways: By comparing projected spending with past budgeted amounts, and by weighing the parks, recreational, and cultural spending requests against all of the other spending requests competing for the limited financing available under current county policy. To ensure that debt service obligations would not threaten the county's ability to sufficiently finance its operational needs, that policy dictates that general obligation (G.O.) bonds issued for non-airport projects will not increase by more than 3% annually from the previous year. The county has a related policy goal to provide a 20% cash match to G.O. bonding amounts.

Chart 3 shows budgeted county capital spending on cultural institutions from 2013 through 2018, as well as the amounts requested for the following four years in the 2018-2022 capital improvement plan. During the past six years, the county budgeted an average of \$10.8 million annually on those assets, ranging from a high of \$15.5 million in 2017 to a low of \$6.2 million in 2018. Over the next four years, that amount would need to average \$9.5 million annually, based on existing capital requests. Although this average spending would appear to be well within the county’s capacity and past spending patterns, 2018 budgeted capital spending on cultural institutions was the lowest in six years, and several projects have been deferred to 2019. As a result, the county’s cultural capital spending would have to more than double in 2019 to satisfy existing capital requests for that year.

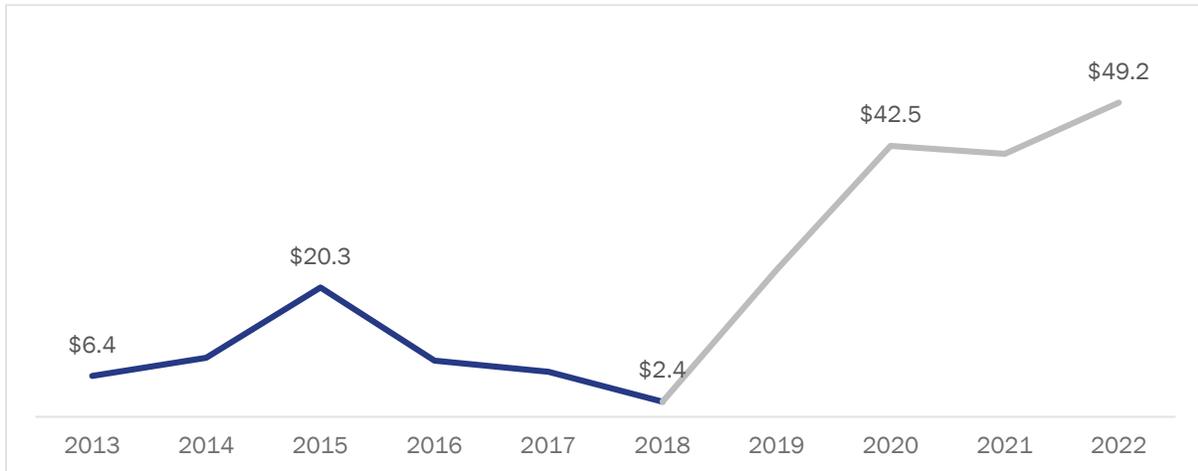
Chart 3: County capital spending on cultural institutions (in millions)



Source: Milwaukee County budget documents

Chart 4 shows budgeted county capital spending on parks and recreation from 2013 through 2018, followed by the amounts requested for the next four years in the 2018-2022 five-year capital improvement plan. Over the past six years, the county appropriated an average of \$9 million annually for those assets, ranging from a high of \$20.3 million in 2015 to a low of \$2.4 million in 2018. In the next four years, that sum would need to average \$39 million annually to satisfy existing capital requests. That is a formidable gap between past budgeted spending and future needs. Not only is the average annual need for the next four years almost twice as large as the highest annual budgeted spending in the past six years, but the requested spending for 2019 is nearly 10 times as great as the budgeted amount for 2018.

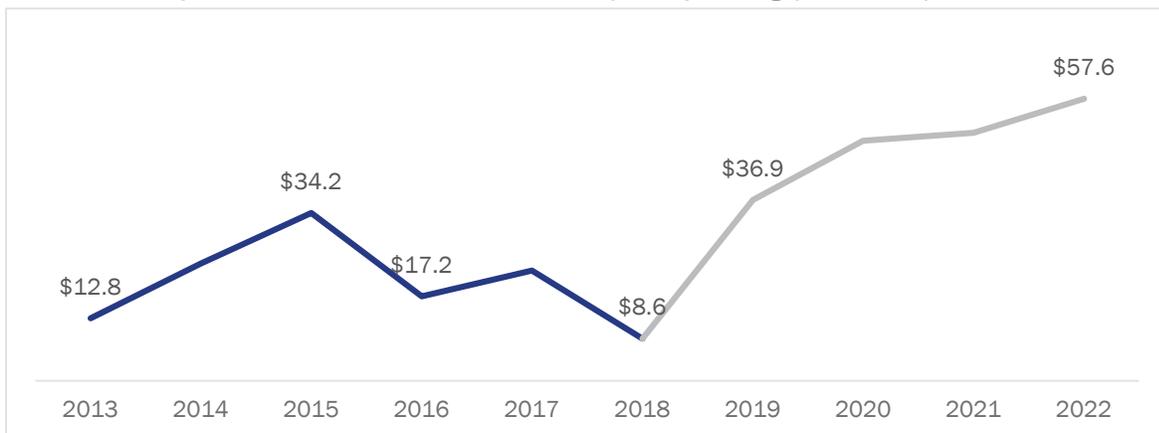
Chart 4: County capital spending on parks and recreation (in millions)



Source: Milwaukee County budget documents

Chart 5 shows total budgeted parks, recreational, and cultural capital spending for the past four years in comparison with requests for the next four years. Although the 2019-2022 projection of \$38.2 million for cultural institutions alone is less than the budgeted cultural capital spending of \$44 million for 2015-2018, the combined total would have to increase 135%, from \$82.6 million to \$194.1 million, to satisfy all spending requests when parks and recreation projects are included. That's a four-year gap of \$111.5 million between past budgeted spending and future requests. This is nearly proportionate to the five-year gap of \$143 million that we identified in 2013, indicating little net gain from the county's efforts to address its pre-existing backlog of parks, recreational, and cultural capital projects while also addressing any additional recently identified needs.

Chart 5: Total parks, recreational, and cultural capital spending (in millions)

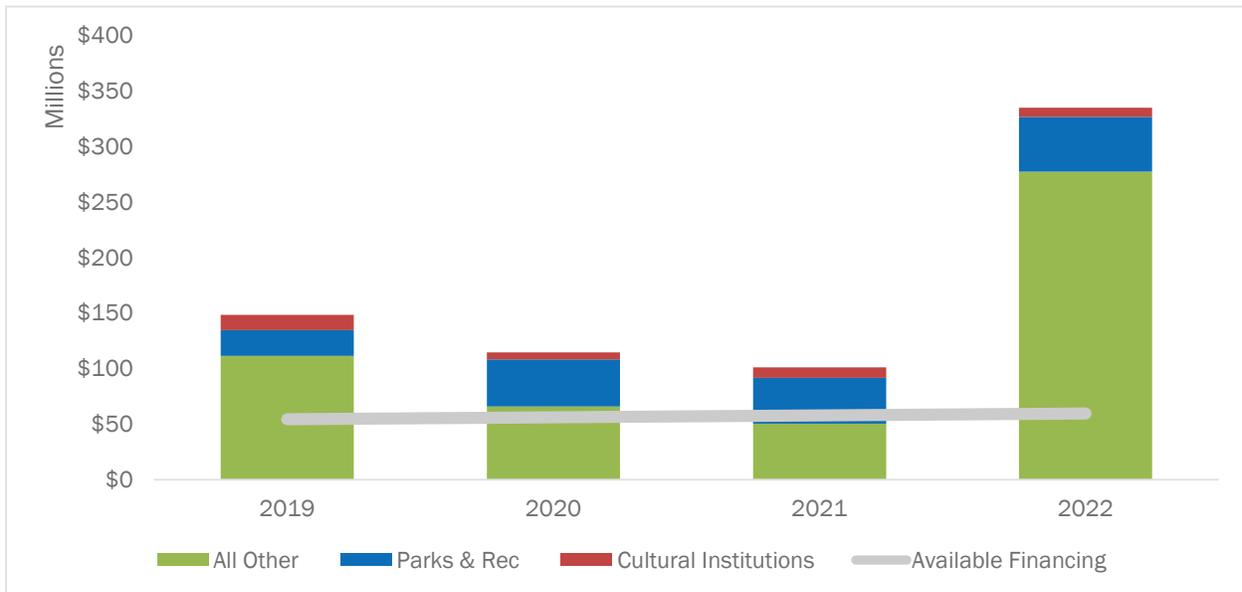


Source: Milwaukee County budget documents

Chart 6 shows requested 2019-2022 capital spending for parks/recreation and cultural assets, in relationship to each other, to all other non-airport county capital spending requests for those years, and to the county's capital financing capacity. We see that annual requested parks, recreational, and cultural capital spending ranges from 17% of all non-airport capital requests for 2022 to 50% in

2021, but fulfilling all parks, recreational, and cultural requests would use from 68% of county capital financing capacity (in 2019) to 97% (in 2022).

Chart 6: Requested 2019-2022 county capital spending



Source: Milwaukee County 2018 Capital Improvements Budget

The figures illustrate the challenge facing the county's parks, recreational, and cultural assets. The needs of those assets are pitted against those of mandated programs and transportation infrastructure in a competition for capital dollars that is sharply limited by current policy.

Some cultural institutions are simply withdrawing from the competition: The Milwaukee Art Museum has largely ended its reliance on county capital funding, while the Milwaukee Public Museum and the Marcus Center for the Performing Arts are pursuing courses their leaders hope will reduce or eliminate their need for county capital dollars. By contrast, the Milwaukee County Zoo continues to leverage substantial county investment through its donors' willingness to provide half the funding for capital improvements. However, the other cultural institutions and the county parks lack either a clear path to financial independence or a history of obtaining donations for a large proportion of capital financing.

CONCLUSION

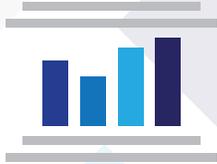
Our analysis of parks, recreational, and cultural infrastructure owned by Milwaukee County finds that both parks and recreational assets and cultural institutions face significant repair and replacement needs in the next several years. Some county-owned cultural institutions have demonstrated the ability to supplement public funding with substantial contributions from private donors, or to move toward greater independence from county capital support. However, these paths do not appear to be viable options for the parks or for the smallest county-owned cultural institutions, which must compete against the county's mandated programs and transportation needs for limited capital dollars from taxpayers.

Specific key findings include:

- **Two major facilities – the public museum and the Domes – must be replaced or fully renovated within the next few years.** The museum is seeking more than \$100 million from private donors, the State of Wisconsin, and possibly the county, to construct a new building downtown. Meanwhile, a task force studying the conservatory’s future is considering a dramatic overhaul that could require \$40 million to \$95 million in private and county funds. As a result, the facilities’ supporters could be competing with each other and with other cultural institutions for major donations. If either or both fail to meet their fundraising goals, or if the public museum does not obtain unprecedented capital support from the state, county policymakers would be under pressure to fund survival plans for these local icons at the same time they are trying to finance a new criminal courthouse.
- **Almost every form of parks infrastructure has pressing needs.** The list of parks assets that the county must replace within the next 10 years includes 85% of parking lots and service yards, 75% of walkways, 73% of parkways, 54% of rated Oak Leaf Trails and of basketball courts, 48% of tennis courts, and (measured by replacement value) 47% of large buildings other than the Domes. Current condition ratings are lacking for other infrastructure types, but the county has identified additional needs for park bridges, water parks, swimming pools, golf courses, and playgrounds, among others.
- **Infrastructure issues are particularly acute at the county’s lower-profile cultural institutions.** Critical leak damage is threatening the buildings and collections of the Charles Allis Art Museum and the Villa Terrace Decorative Arts Museum, while the Milwaukee County Historical Society’s leadership fears a catastrophic loss at Trimborn Farm, the county’s only historical park. Although the cost of addressing these problems would be less than that of some of the county’s other infrastructure needs, decisions to defer capital projects have forced spending on short-term repairs.
- **The county lacks the capacity to finance the capital needs of its parks, recreational, and cultural assets if it wishes to stay within its self-imposed bonding and cash financing limits and address its other capital needs.** To meet existing capital requests, the county would need to more than double budgeted spending on cultural institutions (from \$6.2 million to \$13.9 million) and increase spending nearly tenfold on parks (from \$2.4 million to \$23 million) in 2019 alone. Fulfilling all of the parks, recreational, and cultural capital requests for the next four years would require a 135% increase, from \$82.6 million to \$194.1 million, over the budgeted spending of the past four years. Moreover, doing so would consume from 68% of the county’s financing capacity in 2019 to 97% in 2022, under current policy.

Working within the limits of a capital finance policy directly linked to the county’s operating budget constraints, policymakers repeatedly have deferred capital projects to future years, creating a seemingly insurmountable backlog of repair and replacement needs. In football, delay of game incurs a five-yard penalty. For Milwaukee County’s parks, recreational, and cultural infrastructure, the penalty for delaying solutions could be far more severe.





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