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A Review of Milwaukee Brewers Stadium Costs, Southeast Wisconsin Professional Baseball Park District

1995 Wisconsin Act 56 created the Southeast Wisconsin Professional Baseball Park District to oversee the design and construction of a new stadium for the Milwaukee Brewers Baseball Club. Construction of the stadium, which will have a seating capacity of 43,000, is scheduled to be completed by April 2000. To finance project costs, the District is authorized to issue revenue bonds and to impose a local sales and use tax in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.

An August 1995 memorandum of understanding (MOU) signed by representatives of the State, Milwaukee County, the City of Milwaukee, and the Brewers outlined the stadium's ownership, design, construction, and management. The MOU included a \$322.0 million project budget: \$250.0 million for the stadium, and \$72.0 million for infrastructure improvements. However, since the project began, questions have been raised about its total cost and the extent to which taxpayers will fund construction and other expenditures.

Total Project Costs Are Expected to Be \$399.4 Million

We currently estimate total project costs—including stadium construction, infrastructure, operations, leased equipment, and project administration costs—to be \$399.4 million. This amount is 24 percent more than the \$322.0 million anticipated in the MOU, and an increase of \$1.8 million since our 1997 review of stadium costs.

Construction costs, which account for more than three-quarters of the comprehensive budget, are expected to total \$305.4 million. Infrastructure costs, including the costs of highway and bridge work that is the responsibility of the Department of Transportation, are expected to total \$82.2 million. The remaining \$11.8 million reflects costs associated with the District's day-to-day office operations, as well as interim operations and debt service costs for Milwaukee County Stadium.

Sales Tax Revenue Will Fund \$82.5 Million for Leased Equipment

The District's governing board created the Baseball Leasing Corporation to obtain and lease the scoreboard, the drive mechanism for the retractable roof, seating, and other stadium equipment for the District. Costs of the leased equipment are being funded by the Corporation through Lease Certificates of Participation. However, the District will use revenue generated through the local sales and use tax to repay \$82.5 million in principal and interest associated with the Lease Certificates of Participation. Therefore, it will be necessary to collect the local sales and use tax for longer than originally anticipated. We estimate this tax will be collected through at least 2014.

The District Will Fund \$115.5 Million in Stadium Maintenance and Repair Costs

Under the terms of a 30-year lease and other agreements signed by the District and the Brewers, the District will be responsible for a portion of annual maintenance and repair costs incurred by the Brewers. The District's portion will be either \$3.85 million or 64 percent of actual maintenance costs, whichever amount is less.

In addition to typical maintenance and repair expenses, the lease permits the Brewers to claim reimbursement for their stadium rental payments; major capital repair costs of \$300,000 annually; uniforms, including cleaning; utilities; insurance; and salaries and fringe benefits for seasonal employees. If the District pays the maximum of \$3.85 million in maintenance and repair costs each year, the sales and use tax will provide the Brewers with \$115.5 million to help fund these and other maintenance and repair costs over the course of the 30-year lease. The District's payments will not

reimburse the Brewers directly. Instead, payments will be directed to repay \$50.0 million in loans that the Brewers secured to meet their agreed-upon contribution for stadium construction.

Efforts Are Being Made to Reach Statutory Hiring and Contracting Goals

Statutes require the District to adopt contracting goals for minority and women's business enterprises and to ensure that stadium contractors agree to adopt hiring goals for members of minority groups and women. The District appears to be making progress in achieving statutory goals. Through December 1998, minority business enterprises received 25.4 percent of \$117.0 million in expenditures the District determined were subject to participation goals, and women's business enterprises received 5.4 percent. Minority hires for the project accounted for 26.3 percent of new employees' construction and professional services work hours, and female hires accounted for 8.8 percent. For both hiring and contracting, statutes specify goals of 25 percent minority and 5 percent female participation.

The District is also required to hire an independent monitor to ensure compliance with the statutory goals. In February 1997, the District retained Milwaukee County's Disadvantaged Business Development Program as its independent monitor, under a \$750,000 contract. District officials are satisfied with some aspects of the independent monitor's work but are not entirely satisfied with timeliness or the extent to which it confirms project participation information. Neither of two reports the independent monitor issued between February 1997 and March 1999 contained sufficient information to confirm whether all statutory goals were being achieved. The independent monitor's staff attribute the inability to provide detailed reports to difficulties in reconciling the District's accounting records, uncertainty about which information the District expects them to confirm, and the District's failure to provide needed information in a timely manner.

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