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MILWAUKEE BREWERS STADIUM COSTS

The Legislature enabled construction of a new stadium for the Milwaukee Brewers Baseball Club in 1995 Wisconsin Act 56, which created the Southeast Wisconsin Professional Baseball Park District and gave it the authority to issue revenue bonds and impose a local sales and use tax of up to 0.1 percent in order to provide public funding for stadium construction. The District is a local unit of government made up of five counties: Milwaukee, Ozaukee, Racine, Washington, and Waukesha.

The official groundbreaking for the new stadium, which was named Miller Park after the Miller Brewing Company agreed to provide funding to the Brewers in support of its construction, took place on November 9, 1996. Construction of the stadium, which will have a natural grass playing field, a seating capacity of 42,500, and a convertible roof, is scheduled to be completed by March 1, 2000.

Project Costs Have Increased to \$397.6 Million

The total budgeted cost for a new stadium included in a memorandum of understanding (MOU) signed by representatives of the State, Milwaukee County, the City of Milwaukee, and the Brewers before enactment of Act 56 is \$322 million: \$250 million for stadium construction, and \$72 million for infrastructure improvements. Although the provisions of Act 56 were based on the MOU, the District believes that it is an inappropriate benchmark because it is a generally worded, out-of-date document. Nevertheless, because the District's current stadium project budget includes amounts similar to those included in the MOU—\$249.5 million for stadium construction, and \$71.9 million for infrastructure improvements—the District asserts the project is within its established budget.

The District has, however, budgeted additional amounts for leased equipment and operations, management, and administration. Although the District asserts the budget included in the MOU was never intended to cover these costs, many of them are directly associated with stadium construction and infrastructure improvements. When the costs for which the District has budgeted separately and costs associated with issuing revenue bonds are taken into account, a total of \$397.6 million will be spent, including \$303.3 million for stadium construction, \$82.5 million for infrastructure improvements, and \$11.8 million for the District's day-to-day operating costs.

The Brewers' Percentage of Ownership Can Be Questioned

Under the MOU and subsequent agreements signed by the District and the Brewers, the Brewers are to have a 36 percent ownership in the stadium when it is completed. This percentage was based on the proportion of the total cost of the stadium the Brewers were to finance. However, when all expenditures are taken into account, the Brewers' \$90 million contribution reflects only 29.7 percent of the \$303.3 million now estimated to be expended on stadium construction. If actual stadium construction expenditures reflect budgeted costs when the project is completed, then an adjustment to the Brewers' percentage of ownership will need to be made.

Revenue Through June 1997 Totaled \$186.2 Million

Through June 1997, the District had \$186.2 million in revenue from three sources: \$160 million in proceeds from the sale of revenue bonds; \$21.4 million from the local sales and use tax; and \$4.8 million in gross interest earnings. The Wisconsin Department of Transportation also provided \$3.8 million, which it expended on the project directly. In comparison, a total of \$32.7 million was expended on the stadium project independent of revenue bond interest

charges: \$17.9 million for stadium construction, \$11.3 million for infrastructure improvements, and \$3.5 million for day-to-day operations.

Since June, revenue has also been generated through the issuance of approximately \$45 million in Lease Certificates of Participation by the Baseball Park Leasing Corporation, a nonstock, nonprofit corporation with a Board of Directors consisting of five members of the District's board. Using these proceeds, the Corporation will acquire stadium-related equipment such as the roof drive mechanism, elevators, escalators, and a scoreboard; install it in Miller Park; and lease it to the District. A lease agreement has already been signed, although equipment has yet to be purchased by the Corporation.

The District Has Several Agreements and Contracts

Based on the structure provided in the MOU, the District has entered into six agreements with the Brewers to facilitate completion of the stadium project. Two of these agreements directly address responsibilities and obligations related to construction of Miller Park and give the District final control of the design and construction process. The remainder address operational issues and include a shared ownership agreement, two lease agreements, and a nonrelocation agreement.

The primary contract under which the stadium is to be constructed—the construction management services agreement—was approved by the District's board in September 1997. The contract is with three construction firms that constitute the HCH Miller Park Joint Venture, which will subcontract with others to complete construction. The HCH Miller Park Joint Venture will, for example, subcontract with Mitsubishi Heavy Industries of North America to design and build the stadium's retractable roof. District staff expect the contract's cost to be determined by the end of January 1998.

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