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Milwaukee Brewers Stadium Costs

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. To finance project costs, the District was authorized to issue revenue bonds and to impose a 0.1 percent local sales and use tax in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties. Groundbreaking took place in November 1996, and a new state-of-the-art stadium opened in March 2001.

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, because of continuing concern about the stadium's costs exceeding legislative and public expectations, we have been asked to provide periodic reports on stadium costs and management issues. This is our third review.

Project Construction Costs Now Total \$413.9 Million

Despite the District's public assertions that the project is under budget, the District's financial records indicate that through December 2001, \$413.9 million has been spent on project construction, which is 28.5 percent more than the \$322.0 million anticipated by the MOU, and an increase of \$14.5 million since our 1999 review of stadium costs. The degree to which project costs will increase beyond the \$413.9 million cannot be determined at this time, but pending lawsuits related to the stadium's roof construction may affect total project expenditures. The District has acknowledged setting aside approximately \$11.0 million to pay for increased roof construction costs incurred as a result of design changes the District made after roof construction began. In addition, not all costs associated with a \$3.1 million youth ballpark on the former site of Milwaukee County Stadium have been incurred. District officials indicate they are contributing \$1.1 million toward this construction.

The District Has Spent \$14.2 million in Post-Construction Expenditures

The District's operations budget includes administrative costs provided by the District's own staff, as well as professional services for which the District contracts. The District spent \$14.0 million through December 2001 on these costs. In addition, the District spent \$14.2 million for post-construction costs through December 2001, and has budgeted \$11.1 million for 2002. Post-construction expenditures include: legal, consulting, and other contracted services costs; payments to help support future stadium repairs and improvements; and payments intended to help support stadium maintenance and repair. Public investment in building the stadium and operating and maintaining it for a 30-year period is substantial. When the lease expires in 2030, we estimate that all costs, including construction, debt service, administration, and maintenance, will total \$1.0 billion.

The District Reduced Documentation Requirements for the Brewers' Stadium Maintenance Costs

A November 2000 amendment to the stadium lease removed a monthly documentation requirement and replaced it with a less stringent one. The Brewers are no longer required to provide a summary reconciliation of bills and invoices showing the actual amount of maintenance costs the team incurs until May 31, 2006. By that time, the team will have

received a total of \$23.1 million from the District. District officials justified their decision to pay the Brewers' maintenance costs without documentation by explaining that they wanted to "eliminate busywork" associated with these requirements. The current documentation requirements raise the possibility that the District will not attempt to recover overpayments that may occur and that taxpayers will support unnecessary costs.

The District Will Likely Own A Greater Share of the Stadium than Originally Anticipated

The 1995 MOU provided that the Brewers would own 36.0 percent of the \$250.0 million stadium and the District would own the remaining 64.0 percent, based on the anticipated proportion of construction costs each would finance. However, it now appears likely the District will own more than 64.0 percent of the stadium complex. District officials indicated to us that they have "no opinion regarding the advantages or disadvantages" to the District and its taxpayers if the District's ownership interest were to increase above the 64.0 percent originally anticipated. We suggest, however, that District officials must carefully consider the implications of owning a larger percentage of the stadium complex, including the possible effects this could have on taxpayers who may have to fund potentially increased costs for insurance and other expenses.

Oversight of Administrative Activities Needs Improvement

We identified several management issues regarding the District's operations, including the District's use of a private skybox in the stadium, its contract with a private consulting firm for ongoing stadium management services, and the adequacy of documentation for some administrative expenditures.

First, District officials stated that an Ethics Board opinion prevents them from making their skybox conference room available to charitable groups. However, the opinion contradicts the District's assertion. We recommend the District's governing board establish written procedures to make its conference room available to charitable groups in Milwaukee, Ozaukee, Racine, Washington, and Waukesha counties.

Second, in 2001, the District's governing board entered into a contract with a private consulting firm owned by the District's former executive director to provide ongoing facility management services. The consulting firm will receive at least \$2.6 million over the life of the contract, which runs through December 2006. However, the annual payment for management services is not based on the amount of work actually performed. We are concerned the current contract obligates the District to pay the consulting firm a substantial amount of money without assurance of the amount of work that will be completed.

Finally, because our charge was to focus on project costs and management in order to ensure public accountability, we attempted to review 90 vouchers. The District was unable to provide adequate documentation for 25 of these vouchers, for which it spent \$96,084. We question \$42,519 of this amount, including \$27,671 for baseball game tickets that the District purchased on behalf of others, such as board members and firms that contracted to provide the District with professional services. We suggest improvements be made to the District's financial oversight in order to avoid questionable and inadequately documented expenditures in the future.

[full report, PDF file \(738KB\)](#)