



June 18, 2024

Dear Chairwoman Marcelia Nicholson, Milwaukee County Board of Supervisors,

Subject: Current Operations at the Marcus Performing Arts Center

I am pleased to present a report outlining the current operations at the Marcus Performing Arts Center (MPAC). This report includes details on our current activities, the status of our facility, a fiscal summary, the steps taken to address pending fiscal issues, and the challenges we face moving forward.

Current Activities

The Marcus Performing Arts Center (MPAC) continues to be a vital cultural driver for Milwaukee, enriching the city's cultural landscape with diverse and high-quality performing arts. Our programming attracts nearly 300,000 visitors annually from across Wisconsin and Northern Illinois, fostering a vibrant cultural scene that benefits the entire region. In the 2022/23 season alone, over half of our ticket buyers traveled from outside Milwaukee County to experience live performances in downtown Milwaukee. This influx of visitors supports local businesses and generates additional sales tax revenue, reinforcing MPAC's role as an economic catalyst.

We have significantly expanded our programming to include a broader range of diverse and inclusive events. With the return of series such as Rainbow Summer, which is free to the public, feature local artistic talent from diverse backgrounds, drawing significant community participation and celebrating the rich cultural heritage of Milwaukee. Our robust arts education programs continue to engage young audiences and support the development of future arts patrons. These programs, including the Student Matinee Series and Artist Residencies, serve more than 10,000 youth and their families annually, providing them with valuable exposure to the performing arts. Additionally, our programs extend into the community through master classes and artist workshops that foster the creativity of the youth of Milwaukee, ensuring that the transformative power of the arts reaches a broader audience.

MPAC as a Cultural Driver

The Marcus Performing Arts Center (MPAC) is a pivotal cultural driver for Milwaukee, enriching the city's cultural landscape with diverse and high-quality performing arts. As a premier venue for the arts, MPAC attracts patrons from across Wisconsin and Northern Illinois, fostering a vibrant cultural scene that benefits the entire region. The Center's ability to draw audiences from neighboring areas not only highlights its regional significance but also stimulates local businesses, from restaurants to hotels, generating substantial economic activity and additional sales tax revenue. MPAC's wide-ranging programming ensures that it remains a dynamic hub of cultural engagement and a key contributor to Milwaukee County's economic vitality. By hosting a variety of cultural and artistic events, MPAC helps bridge cultural divides, promote social



cohesion, and celebrate the diverse heritage of Milwaukee's communities, making the city more attractive to residents and businesses, and fostering a sense of pride and unity.

MPAC as an Economic Driver

MPAC is not only a cornerstone of the arts in Milwaukee but also a significant economic driver for the region. Our programming attracts patrons from throughout Wisconsin and Northern Illinois, contributing substantially to the local economy. In the 2022/23 season alone, over half of our ticket buyers traveled from outside Milwaukee County to experience live performing arts in downtown Milwaukee. This influx of visitors supports local businesses and generates additional sales tax revenue, reinforcing MPAC's role as an economic catalyst.

The estimated annual economic impact of MPAC is \$32.4 million, underscoring our importance to the local economy. Our efforts to bring high-quality arts and cultural programming to the region not only enhance the cultural fabric of Milwaukee but also drive economic activity, making MPAC a vital institution for both cultural and economic development.

Importance MPAC's REDI Efforts

Diversity, Equity, and Inclusion are fundamental to building a just and vibrant society, and MPAC's Racial Equity, Diversity, and Inclusion (REDI) efforts are integral to supporting Milwaukee County's goals. MPAC's commitment to REDI ensures that its programming, leadership, and community engagement reflect the rich diversity of Milwaukee. By creating opportunities for artists of color, investing in community programs that engage underrepresented groups, and fostering an inclusive environment, MPAC enhances its relevance and impact. Aligning with the county's strategic focus on DEI, MPAC drives social progress, ensuring all community members feel valued and included, thus strengthening its position as a leader in promoting social equity through the transformative power of the arts.

Status of Current Facility

MPAC's facilities are crucial to our operations and the overall patron experience. Both Milwaukee County and MPAC have made significant investments in maintaining and improving our infrastructure through a joint partnership dedicated to the continued enhancement of our county-owned building. Over the past 20 years, the County has invested \$14 million to support critical infrastructure, while MPAC has contributed an additional \$23 million in capital improvements. These investments have been essential in keeping our facilities up to date and ensuring a positive guest experience.

Recently, MPAC has completed several major facility projects. These projects include:

- Uihlein Hall Renovation: \$3,700,000 (MPAC Funded) - Complete
- Exterior South Grounds Renovation: \$1,600,000 (MPAC Funded) - Complete
- Building Technology and Infrastructure: \$400,000 (MPAC Funded) - Complete



- Building Electrical Project & Exterior Façade Cladding: \$3,700,000 (County Funded) – Ongoing
- New Roof for Building: \$3,100,000 (County Funded) – Ongoing

These collaborative efforts highlight the importance of ongoing investment in our facilities to maintain a state-of-the-art environment for our patrons and performers. As we continue to address upcoming challenges, we recognize the need for sustained commitment to infrastructure improvements.

Fiscal Summary

MPAC is navigating a transformative period with a strategic shift towards a more sustainable business model. Over the next five years, we anticipate significant growth in our overall revenue by almost 30% and an ambitious increase in fundraising by 85%. This growth will be driven by the expansion of our programming, aggressive community outreach, and the adoption of a more integrated customer relationship management system to improve ticketing and fundraising operations.

Since launching a formalized fundraising program in 2021, we have seen a 257% increase in donors, and our contributed revenue has tripled. These efforts are crucial as we continue to face significant fiscal challenges, including the combined effects of an 18-month shutdown during the COVID-19 pandemic, the departure of the Milwaukee Symphony Orchestra (MSO), and the anticipated redevelopment of our parking structure. While we are making significant strides in increasing our fundraising efforts and community engagement, without continued support from Milwaukee County, MPAC faces a negative cash position by 2026.

Challenges Ahead

Despite our successes, MPAC faces several critical challenges:

- Revenue Reductions: The 18-month closure during COVID, along with the simultaneous departure of the MSO, and ongoing reduced County funding have significantly impacted our revenue streams, creating a structural deficit. The MSO's departure alone resulted in an over \$1 million annual revenue loss, and continued reducing County funding further exacerbates our financial strain.
- Parking Structure Redevelopment: The planned City of Milwaukee redevelopment of our parking structure in late 2025 will further reduce our operating income by approximately \$650,000 annually.
- Sustainability of New Business Model: While our new business model shows promise with fundraising growth supporting diverse programming and community activities, it will require time to transition fully. During this period, we will continue to experience financial strain as we work to increase our fundraising capacity and diversify our revenue streams.



- **Decreasing Cash Reserves:** MPAC has been able to sustain its operations over the past few years partly due to cash reserves bolstered by COVID relief funding. However, these reserves are decreasing. Without significant action and continued support, we project a negative cash position by 2026.

Actions Taken to Address Fiscal Issues

MPAC has proactively implemented several measures to mitigate our dwindling cash reserves and ensure financial stability during this transitional period. Recognizing the urgent need to adapt to new financial realities, we have embarked on a comprehensive strategy aimed at increasing revenue, reducing costs, and enhancing operational efficiency.

- *Aggressive Fundraising Campaigns:* We have significantly ramped up our fundraising efforts, launching targeted campaigns to attract new donors and increase contributions from existing supporters. Our formalized fundraising program, initiated in 2021, has already yielded a 257% increase in the number of donors and tripled our contributed revenue. We continue to build a culture of philanthropy within the community, emphasizing the importance of supporting MPAC's mission.
- *Expanded Programming and Community Outreach:* By diversifying our programming and increasing community engagement, we aim to attract a broader audience and boost ticket sales. Series such as Rainbow Summer and expanded Broadway offerings have been introduced to draw larger and more diverse crowds. These initiatives not only enhance our cultural impact but also contribute to increased earned and contributed revenue.
- *Cost Management and Efficiency Improvements:* We have implemented stringent cost-control measures across the organization. This includes optimizing our operational processes, renegotiating vendor contracts, and streamlining administrative functions. Our goal is to reduce overhead costs without compromising the quality of our programs and services.
- *Investing in Technology:* We are in the process of evaluating and implementing a more integrated customer relationship management system. This will enable us to enhance our ticketing and fundraising capabilities, ensuring that revenue from ticket fees remains local and supports MPAC initiatives. Improved data management will also allow us to better understand and engage with our patrons, driving both ticket sales and donations.
- *Refinancing Parking Garage Debt:* To manage our financial obligations more effectively, we are refinancing the debt related to historic maintenance we paid for the parking garage through the Milwaukee Economic Development Corporation (MEDC). This refinancing will help reduce our annual debt service costs, freeing up funds that can be redirected towards our programming and operational needs.



Need for Ongoing County Support

The partnership between MPAC and Milwaukee County has been instrumental in our ongoing success throughout the history of this institution. The County's support has enabled us to maintain our facilities and expand our programming, thereby enhancing the cultural landscape of Milwaukee. However, as we continue to navigate financial challenges, ongoing County support remains crucial to sustaining our operations and fulfilling our mission.

The current operating agreement will expire at the end of 2025, and it is imperative that we establish a new agreement to ensure the continuity of our operations. The County's investment in our physical infrastructure has been substantial, but the reduction in operating contributions since 2016 has been a further strain on our finances. While we believe that the current operating agreement was signed with the best intentions of putting MPAC on a financially sustainable path, the subsequent events have undercut the original assumptions of where we would be as an organization ten years later. To ensure MPAC can continue to serve as a cultural anchor, we will be requesting the County's continued financial support to help bridge the funding gap and support our transition to a more sustainable model.

Conclusion

The Marcus Performing Arts Center is at a pivotal juncture. We are excited about the transformational changes underway and remain committed to enriching Milwaukee's cultural and artistic landscape. However, the sustainability of our operations depends significantly on ongoing support from Milwaukee County. We look forward to continuing our partnership to ensure MPAC remains a vibrant and inclusive gathering place for all.

Thank you for your continued support and commitment to the arts in Milwaukee.

Sincerely,

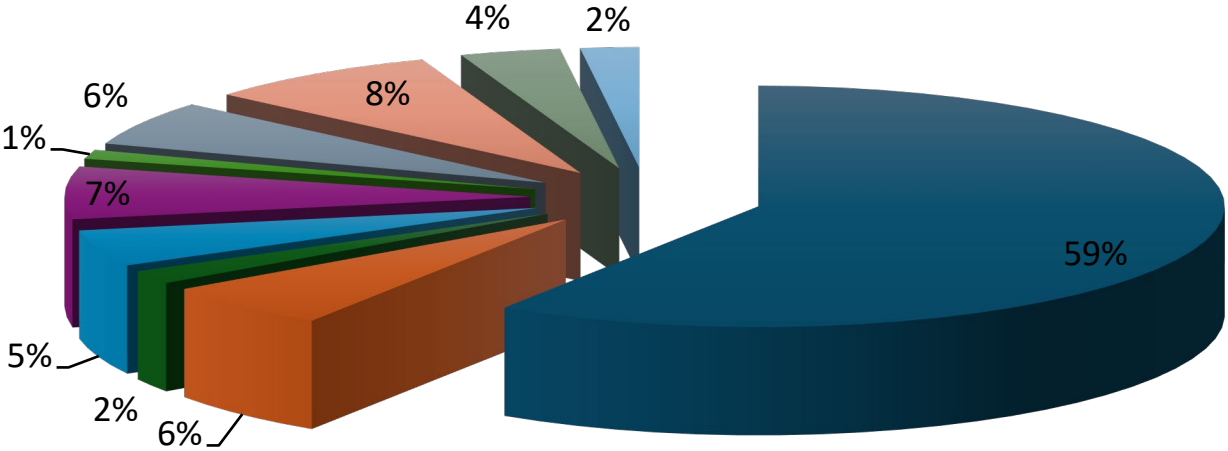
A handwritten signature in black ink that reads "Kevin Giglinto". The signature is fluid and cursive.

Kevin Giglinto, CEO
Marcus Performing Arts Center

**Marcus Performing Arts Center
FY24 Financial Summary**

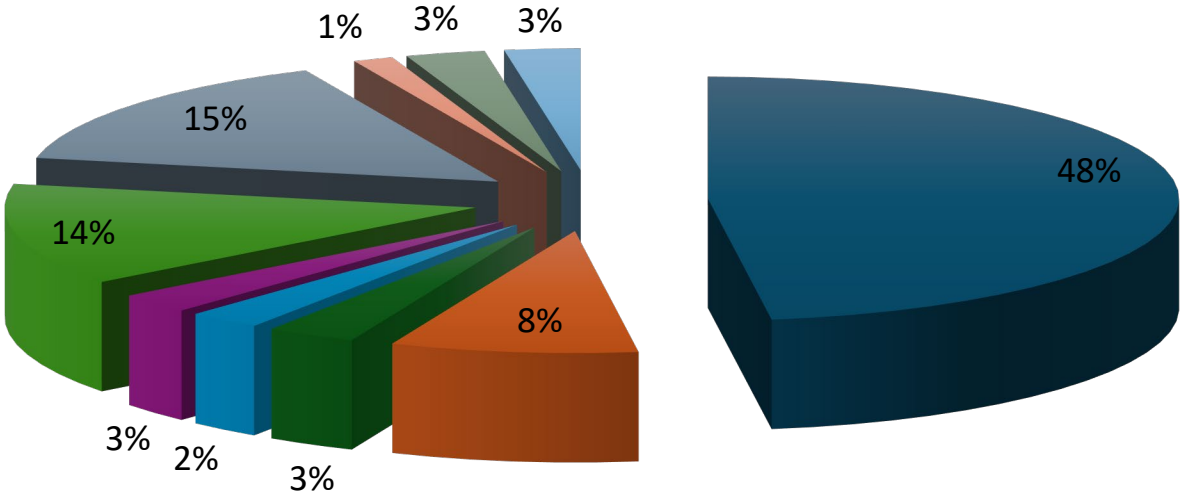
	FY24 JUL - MAR Actual	FY24 Forecast	FY24 Budget
Ticket Revenue	\$ 6,462,468	\$ 9,747,076	\$ 8,958,782
Ticketing Fees	729,759	1,002,313	967,858
Ticketing Services Revenue	258,913	303,281	143,605
Facility Rent Revenue	615,032	809,936	815,043
Facility Services Reimbursement	821,364	1,157,849	716,908
Retail Commissions	160,537	203,826	235,527
Parking Revenue	738,020	985,654	957,709
Contributed Support	950,175	1,353,811	1,765,000
County Support	575,000	575,000	562,500
Other Operating Revenue	307,284	334,856	134,460
Total Revenues	11,618,551	16,473,602	15,257,392
Programming Expenses	5,874,996	8,861,781	8,399,476
Facility Rental Expenses	1,311,941	1,571,973	787,442
Ticketing Expenses	432,428	571,840	555,140
Theater Operations	404,501	468,607	366,382
Institutional Marketing	376,804	488,138	513,217
General Administration	1,867,703	2,507,560	2,576,677
Facility Operations	2,166,270	2,809,139	2,785,818
Community & Education Expenses	218,899	255,544	293,332
Fundraising Expenses	417,821	505,281	427,280
Parking Expenses	330,781	482,784	452,628
Total Expenses	13,402,144	18,522,648	17,157,392
Net Operating Increase (Decrease)	\$ (1,783,592)	\$ (2,049,046)	\$ (1,900,000)

Marcus Center Projected FY24 Revenue



- Ticket Revenue
- Ticketing Fees
- Ticketing Services Revenue
- Facility Rent Revenue
- Facility Services Reimbursement
- Retail Commissions
- Parking Revenue
- Contributed Support
- County Support
- Other Operating Revenue

Marcus Center Projected FY24 Expense



■ Programming Expenses

■ Facility Rental Expenses

■ Ticketing Expenses

■ Theater Operations

■ Institutional Marketing

■ General Administration

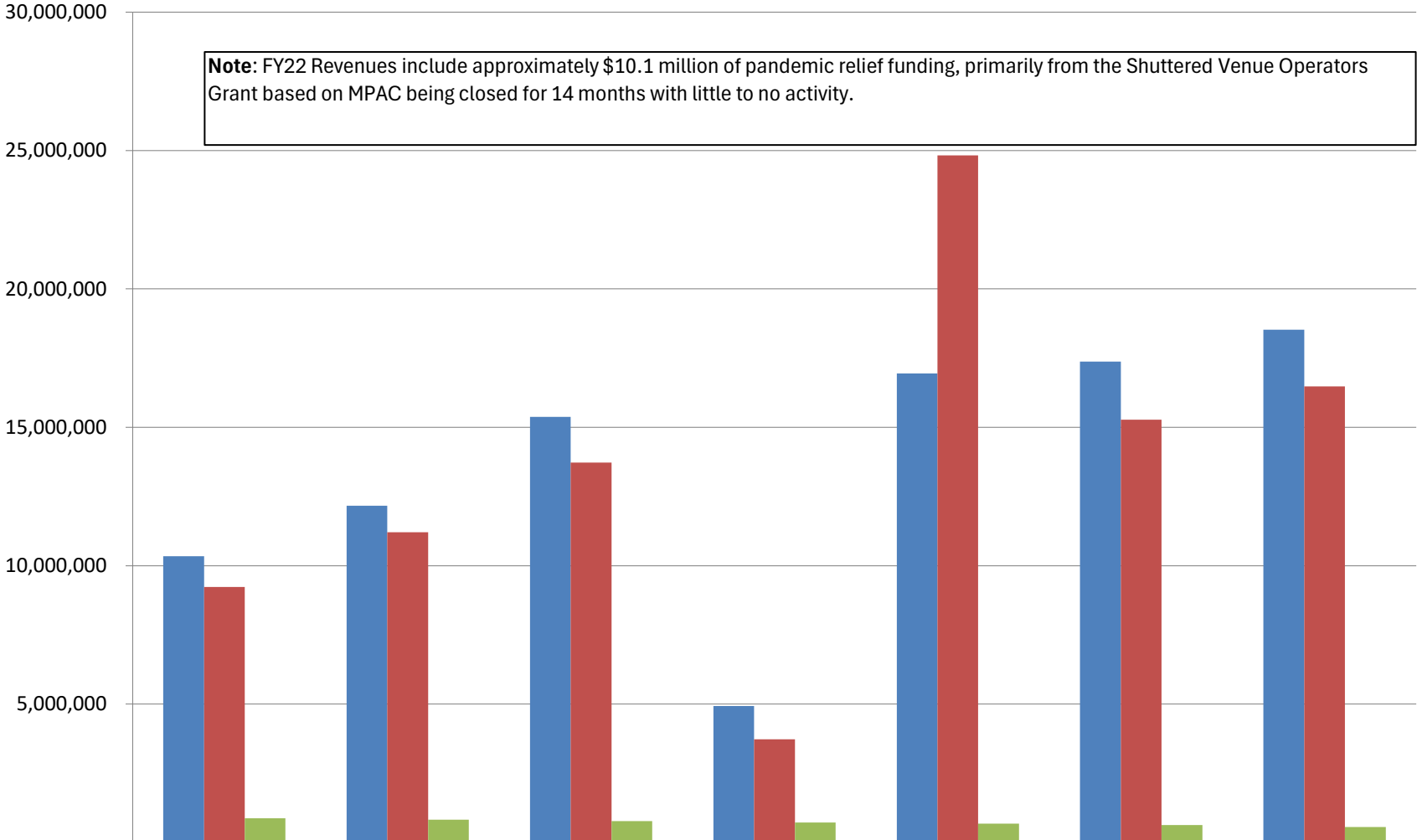
■ Facility Operations

■ Community & Education Expenses

■ Fundraising Expenses

■ Parking Expenses

Marcus Center Tax Levy



	FY18 ACTUAL	FY19 ACTUAL	FY20 ACTUAL	FY21 ACTUAL	FY22 ACTUAL	FY23 ACTUAL	FY24 FORECAST
EXPENDITURES	10,344,161	12,164,229	15,379,552	4,928,067	\$16,945,995	\$17,372,179	\$18,522,648
REVENUES	\$9,229,555	\$11,208,107	\$13,728,228	\$3,724,710	\$24,824,238	\$15,277,008	\$16,473,602
TAX LEVY	\$875,000	\$825,000	\$775,000	\$725,000	\$675,000	\$625,000	\$562,500

Marcus Center Attendance

