

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: August 16, 2024

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Celia Benton, Economic Development Director, Department of Administrative Services

Subject: From the Director of Economic Development, Department of Administrative Services, requesting authorization to enter into negotiations with Friends of Villa Terrace, Inc., for the management and operation of the Villa Terrace Decorative Arts Museum with the goal of reducing or eliminating the capital and operational support of the Charles Allis Art Museum and the Villa Terrace

File Type: Action Report

REQUEST

The Director of Economic Development, Department of Administrative Services, requests authorization to enter into negotiations with Friends of Villa Terrace, Inc., for the management and operation of the Villa Terrace Decorative Arts Museum with the goal of reducing or eliminating the capital and operational support of the Charles Allis Art Museum and the Villa Terrace.

POLICY

The 2024 Adopted budget included the passage of amendment number 39 which contained the following:

“Amend Agency No. 115 – Department of Administrative Services and 130 – Office of Corporation Counsel as follows:

- Review and negotiate a termination to the existing agreement between Milwaukee County and the Charles Allis Art Museum.

Amend the budget narratives for Agency 115 – Department of Administrative Affairs to include the following narrative:

- The Department of Administrative Services (DAS), working in coordination with the Office of the Corporation Counsel (OCC), will review the existing agreement between Milwaukee County and the Charles Allis Art Museum and explore opportunities to terminate the County’s on-going operational and capital support to the museum. Staff is requested to furnish a report to the County Board of

Supervisors no later than the May 2024 meeting cycle with recommendations on phasing out taxpayer support for the property.”

Additionally, the Villa Terrace is zoned Parks District, so Wisconsin Statute § 59.17(2)(b)3 applies, which states that the “county board may continue to exercise the authority under s. 59.52(6) with regard to land that is zoned as a park...”. In the law of property, authority over “land” includes authority over all rights appurtenant to the land.

Milwaukee County Code of General Ordinances 56.10 requires that Parks leases over one year require County Board approval.

Wis. Stat. § 66.1111 outlines requirements for a political subdivision’s ownership, use and disposition of property. If the County conveys historic property, Wis. Stat. § 66.1111 applies and the County “shall obtain a conservation easement under s. 700.40 to protect the historic character and qualities of the property.”

Milwaukee County Code of General Ordinances Chapter 13 requires that “all county department and agency heads in interacting with private support organizations (friends groups) formed to provide financial support and volunteer services for an activity of the county or any of its departments or agencies” shall enter into a written agreement with the support group.

Wisconsin State Statutes:	Wis. Stat. 59.17(2)(b)3, Wis. Stat. 66.1111, Wis. Stat. 700.40,
Milwaukee County Code of General Ordinances:	56.10, 13
Specific Adopted Budget:	2024
Specific Adopted Budget Amendment:	39
Specific Adopted Capital Project:	

BACKGROUND

The Charles Allis Art Museum and the Villa Terrace Decorative Arts Museum have been operated by the nonprofit, Charles Allis Villa Terrace, Inc. (CAVT), since 2012. Previously, the museums had been under the umbrella corporation, Milwaukee County War Memorial, Inc. Both the buildings and art collections are owned by Milwaukee County.

An Informational Report, File No. 24-470, was presented to the County Board in May of 2024 in response to the 2024 Adopted Budget Amendment 39 that requested DAS explore opportunities to eliminate capital and operational support to the Charles Allis Museum. File 24-470 discussed the history and operations of the two museums and presented options and considerations for the future of the museums. The recommended option was to publish a Request for Information (RFI) to explore opportunities to reduce or eliminate the County’s support for the two museums.

The RFI was released at the end of May and closed July 15, 2024. Four organizations responded, Friends of Villa Terrace, Inc., Bartolotta Restaurant Group, LLC, Dynamic

Events, LLC, and Charles Allis Villa Terrace, Inc. Below is a summary of each group's response. The criteria for review considered the financial benefit to the County, the benefit to the community, the qualifications and expertise of the respondent, the credibility of the business plan and vision, the financial feasibility, and the equity and community enhancement of the response.

Friends of Villa Terrace (FOVT) (Response for Villa and Allis Collection)

- The Villa will remain a public museum with public gardens and event space.
- FOVT will accept transfer of the property at request of the County and on the County's timeline.
- Request of \$3 million in capital over five years to address deferred maintenance.
- Request of \$125,000 over three years to transition operations.
- FOVT proposes to raise \$1.5 million in private funds to create a \$500,000 operating endowment and assist in funding capital improvements.
- FOVT is willing to discuss the transfer of the Allis Collection to its care.

This proposal does require investment from the County but reduces and then eliminates future operational and capital investment over a specified timeframe. FOVT proposes to fundraise \$1.5 million to offset costs to the County. The Villa Terrace is maintained as a public museum and community asset. The provides a robust business plan that also provides an option for disposition of the Charles Allis collection. The proposal aligns with the County's goals of racial equity and its health initiative. The plan includes ADA Access, translating material into multiple languages, free days for low-income visitors, family days, and youth programming. Additionally, the FOVT Board includes a nationally recognized Diversity, Equity, and Inclusion consultant.

Bartolotta Restaurant Group (Response for Villa only)

- Bartolotta Restaurants & HF Hospitality would have exclusivity for 120 days to
 - undertake due diligence on the property,
 - put together a restoration plan and
 - a proposed timeline for completing the restoration with the intended purpose of operating a high-end hospitality venue.
- If the plan is accepted, Bartolotta would purchase the Villa Terrace. Price to be negotiated.
- A PILOT (Payment In Lieu of Taxes), or similar, would be established to cover the cost of police and fire service, and other such similar expenses, as well as some to- be-defined remuneration during exclusivity period and up to closing.
- Beyond any restaurant operations, if any, which would be open to the general public, Villa Terrace would continue to have public access through periodic tours at designated dates and times.
- Art will be returned to the County.

This proposal eliminates operational and capital expenses for the Villa Terrace; however, the Villa would no longer be a museum and access for the public would be

limited. The County will no longer have control of the asset. The proposal does not reduce or eliminate expenses for the Charles Allis Art Museum and the art collection at the Villa would need to be removed.

Dynamic Events (Response for Villa and Allis)

- Villa Terrace will function as the primary event venue and the Charles Allis would be a boutique luxury hotel/guesthouse.
- County to transfer both properties to Dynamic Events for \$1.00 along with a 20-year loan in the amount of \$4,000,000.00 at 4% interest. The balance of the funding will be made up by developer equity, bank financing, and securing historic tax credits.
- Dynamic Events seeks to balance private ownership of Villa Terrace with continued public engagement and access. The proposal includes hosting cultural events such as art exhibitions, musical performances, and theater productions and community events such as gardening workshops, craft fairs, and seasonal celebrations.
- Villa Terrace will offer public access on Mondays and Tuesdays from 10:00 AM to 4:00 PM and free access to local residents on the first Tuesday of each month from 1:00 PM to 3:00 PM.

This proposal eliminates capital and operating expenses at both museums, but a financing commitment would be required by the County. Both museums would no longer be county assets and public access would be limited.

Charles Allis Villa Terrace (CAVT) (Response for Villa and Allis)

- Continue current operations.
- Request for \$10 million for both museums' capital needs.
- Proposed gradual stepdown of operational funding over seven years.

This proposal requires a large capital investment from the County and maintains current operations. It does reduce operational support over a specified timeframe. The organization has a proven track record of operating the museums for the past twelve years. Programming aligns with the County's racial equity and community health initiatives and the organization has experience creating services that consider racial equity and community engagement. The proposal continues to provide reduced or free access to those with financial barriers. While CAVT's operations and experience were positive factors in the evaluation, the proposal was unresponsive to the RFI's request to reduce and/or eliminate reliance on County funding. Ultimately this proposal received the lowest score due to the unrealistic capital request, the length of continued operational support, lack of fundraising goals, and no clear end to the County's investment.

After close of the RFI and further discussion, CAVT indicated its interest in finding a way forward to preserve the Allis including separating the governance of the museums,

reducing its capital request, shortening the timeline for operational support, and accepting transfer of the house and collection. These discussions are ongoing.

Based on the responses and the limited interest in the RFI a Request for Proposal is not warranted. The highest scoring response was FOVT. FOVT's plan guarantees the Villa Terrace remains a public asset, reduces capital and operational expense to the County, aligns with the County's mission and vision to address racial equity and improving mental health, and provides a solution for the Charles Allis art collection if there are no viable options to preserve the Charles Allis Art Museum.

RECOMMENDATION

The Director of the Department of Administrative Services - Economic Development recommends authorization to negotiate with the Friends of Villa Terrace, Inc., for the management and operation of the Villa Terrace Decorative Arts Museum with the goal of reducing or eliminating the capital and operational support of the Villa Terrace. Economic Development will continue to explore options for the Charles Allis Art Museum and collection that are in the best interest of the community.

Related File No's:	23-889, 24-470
Associated File No's (Including Transfer Packets):	
Previous Action Date(s):	

ALIGNMENT TO STRATEGIC PLAN

Describe how the item aligns to the objectives in the [strategic plan](#):

3B: Enhance the County's fiscal health and sustainability

FISCAL EFFECT

No fiscal effect.

TERMS

Terms to be negotiated and presented to the County Board of Supervisors for approval as soon as practicable.

VIRTUAL MEETING INVITES

Erica Goblet, DAS-Economic Development Project Manager

PREPARED BY:

Erica Goblet, Economic Development Project Manager, Department of Administrative Services

APPROVED BY:

Celia Benton, Economic Development Director, Department of Administrative Services

Celia Benton

ATTACHMENTS:

Report

Resolution

Fiscal Note

CC:

David Crowley, County Executive

Liz Sumner, Comptroller

Parks and Culture Committee Members

MaryJo Meyers, Chief of Staff, Office of the County Executive

Aaron Hertzberg, Director, Department of Administrative Services

Kelly Bablitch, Chief of Staff, County Board of Supervisors

Kelsey A. Evans, Committee Coordinator

Steve Cady, County Board Research Director