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Comptroller

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Office of the Comptroller

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September 21, 2015

The Honorable:
Common Council of the City of Milwaukee, and
Mayor Barrett

Dear Council Members and Mayor Barrett:

The Comptroller's Office contracted with HVS Consultants, a firm that specializes in reviewing the feasibility of sports arenas, convention centers, performing arts facilities, and other such venues. The attached report represents their efforts.

There are seven pieces to the report, the first being an introduction and executive summary, and the last being the certification that the consultants are objective third parties. There is a wealth of information from the term sheets, the reviews on financing, Act 60, interviews with involved entities, and other published sources. Overall, the report presents the potential for a positive outcome, but does conclude that the arena itself will have minimal impact on the Milwaukee economy. I would like to point out a few highlights from the remaining sections.

HVS concludes the financing package appears acceptable. Section 2 deals specifically with that aspect of the arena project. Section 3 reveals the economic impact of the new arena; it measures what would be lost, if the Bucks were to leave: \$60.1 million in annual spending, supporting 393 full time equivalent jobs. Section 4 reviews the case studies of three other comparable cities: the Gateway District in Cleveland Ohio, the Arena District in Columbus Ohio, and the Bricktown District in Oklahoma City. The charts included in this section indicate additional development occurred over the next 10 years in each of those cities. Section 5 discusses other arenas built over the last 15 years and shows that the projected costs for the Milwaukee Bucks arena are in line with what one would expect, but the public participation in our specific financing, trends below the midpoint for comparison purposes. It also discusses the social and intangible benefits that accrue to the city's image. Section 6 lists the limitations and assumptions in compiling the information.

Due to both time constraints and available funding, the report does not include a specific review of the live block as proposed in the term sheets.

My staff and I are available to answer questions you may have about the report, and I would be available to appear before the full Council at Tuesday's meeting if you believe that is appropriate. This report does not alter my original recommendation for approval of the city's piece of the financing.

Sincerely yours,

Martin Matson
Comptroller

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