

- d ②
12. Coordinate all bookings through the new company so that the current situation, wherein the Wisconsin Products Pavilion is being promoted and booked independently of WEC events, can be eliminated. One source ought to be coordinating the efforts with a policy that uniformly benefits WSFP and WEC.
  13. Immediately renegotiate the Ground Lease Agreement with the WEC to more clearly specify the responsibility for municipal service payments and for reimbursement of direct costs WSFP incurs for WEC operations and to immediately renegotiate the License Agreement with WEC to more realistically account for parking revenues and expenses related to WEC events.
  14. Determine ways in which the original charter purpose of the not-for-profit entity can be met, that is to financially benefit WSFP

In conclusion, WEC was designed and built to allow the organization to successfully compete nationally in the consumer and trade show business. However, immediate steps must be taken to increase top-line revenues and take other operational actions in order for WEC to meet its debt service and operating expenses and ultimately to achieve its intended mission of generating profits to be returned to WSFP for reinvestment into ongoing maintenance of WSFP property and to help underwrite the public purpose aspects of WSFP.

#### **D. PERMANENT STAND VENDORS**

- WSFP over the years has entered into ground leases with Permanent Stand Vendors (Vendors), wherein the Vendors are permitted to lease WSFP land and to construct improvements thereon for purposes of

transacting business, all subject to an Operating Agreement and certain rules and regulations. The Vendors range from the Journal Company and Miller Brewery to Elena's Greek Foods, Mother's Cajun Café, Rupena's, Saz's and Cracovia's Restaurant.

- Each of the Vendors has constructed buildings that give a certain ambience and flavor to WSFP in strategic locations dedicated to serving patrons of the State Fair Event.
- The importance of Vendors to the long-term success of the WSFP is recognized.
- Vendors are integral to the WSFP, make up part of its heritage and history, and constitute a representation of diversity of Wisconsin vendors.
- WSFP is committed to successfully resolving any outstanding legal, financial and facility issues to the mutual benefit of Vendors and WSFP.
- It is better to resolve legal, financial and facility issues through cooperative discussion rather than in the courts.
- The Governor has indicated that he is no longer interested in pursuing the Heritage Hall complex as contained in the Master Plan. As a result the current Vendor stands that are scattered throughout the Park should remain intact.
- There are no specific recommendations contained in this report in that the Committee on Linkages will continue to meet in public session to address issues with Vendors in order to come to resolutions and conclusions with respect to all outstanding issues.

## VI REVENUE ENHANCEMENT COMMITTEE

The Committee was formed to analyze WSFP current building inventory and proprietary rights and to make recommendations on how the bottom line can be increased through enhanced revenue generation and fund raising. What follows are those recommendations.

- WSFP is fertile ground for increased revenue enhancement.
- WSFP must develop public/private partnerships wherein the private sector is assured that the monies invested in WSFP will remain in WSFP and not be swept by legislative action or used for other State purposes.
- WSFP must find a better way to package, promote, and leverage its assets.
- WSFP should align through, reorganization and combination, all WSFP entities including the WSFP events, Milwaukee Mile, WEC and possibly the PNIC to package, promote and leverage a combination of assets for marketing purposes, through a WSFP Marketing Director, to create cost efficiencies.
- WSFP should change the current decentralized marketing approaches of the individual properties to include a new global approach that would build, position and support a WSFP brand.
- WSFP Marketing Director should develop an overall umbrella strategic marketing plan that pools resources and dollars across all WSFP properties and is synchronized relative to timing, target audiences, geographic consideration, events, etc. Such marketing plan should first review and evaluate the WSFP properties individually and then as a

whole. Such evaluation would develop a historical analysis and an internal inventory and external inventory audit which would ultimately result in a new revenue model by which to create a comprehensive marketing plan.

- WSFP should implement a strategic public relations campaign to shape public opinion relative to new private/public WSFP partnerships, reinforce brand identity, and supplement paid advertising efforts on a local, regional and national levels.
- WSFP should develop a cooperative advertising program which will allow WSFP to work with sponsors to obtain approximately 50% more coverage for the State Fair and other events at the same or less cost.
- WSFP should consider creating a limited-edition State Fair license plate.
- WSFP should explore collaborative marketing initiatives promoting the Interstate 94 corridor from the Zoo to WSFP, Miller Park, Veteran Park, Potawatomi and Festival Park as a Milwaukee tourism destination.
- The combination of all WSFP properties creates opportunities for enhanced revenue generation in naming rights and sponsorship areas.
- Once the comprehensive marketing plan has been approved, WSFP should augment packaged inventory sales under the direction of the WSFP Marketing Director.
- Such a marketing plan would, among other things, contemplate naming rights of strategic agricultural buildings and the RV Park, naming rights of entry gates and streets of WSFP, and exclusive sponsorship and advertising categories with beers, soft drinks, telecommunications,

healthcare, automotive products, meat products, casinos, banks, grocery stores, gas stations, media, lawn care tractors and agriculture.

- WSFP is a valued asset on valuable real estate, and because of its central location, could be a destination place for Wisconsinites and other visitors.
- WSFP is primed for mixed-use leisure attractions including self-sustaining entertainment, educational and retail complexes seeking to celebrate the rich cultural heritage of the State of Wisconsin and the greater Milwaukee area. The WSFP site is well located, offers good accessibility and visibility, is very marketable given its high demand generators, and possesses the ultimate recognition factor associated with the existing WSFP operation.
- WSFP should contemplate more use days of the WSFP by encouraging and promoting more non-State Fair event days like Latin Fest. In addition, where financially feasible, WSFP should enter into joint venture arrangements such as the Harley 100 Reunion Bash where the prospects of profitability outweigh a simple landlord-tenant relationship.
- WSFP in consultation with an entertainment agency should analyze the potential profitability of using Milwaukee Mile Grandstand, WEC or the Coliseum for concerts during the summer months of the year and for music acts that are not currently offered through other venues.
- WSFP should continue to procure more agricultural events and shows at WSFP to hold true to its core agriculture mission.
- WSFP should be looked at as a home for other tourist destination, entertainment and historical places, and an analysis should be undertaken

- to see what symmetries exist between existing museums and historic places and WSFP.
- WSFP should create a WSFP Museum on its premises.
- WSFP should explore further use of the Tommy Thompson Youth Center as a year-round accommodation for a variety of events, i.e. hotel rooms, meeting rooms, and event rental. The top two floors of the Tommy Thompson Youth Center should be converted into adult rooms for rental and use by WSFP Vendors and visitors.
- WSFP should immediately obtain waivers from the State so that monies procured through the sale of proprietary rights or contractually obligated income are not subject to State lapse actions.

It is believed that the deficit could be substantially reduced and a profit actually turned if the proprietary rights of WSFP were properly inventoried, marketed, and sold in the form of signage, naming rights, and sponsorships promoting the WSFP brand and leveraging the benefit of all properties as part of a marketing strategy. It is recommended that WSFP Marketing Director, before December 31, 2003, provide the WSFP Board a reasonable and sound estimation of the revenues and associated expenses that would be incurred to create additional revenue generation through the sale of contractually obligated income.

## **FUND RAISING**

- Expand through a Development or Executive Director the current WSFP Youth Foundation or create a similar non-profit foundation to provide private sector and/or foundation revenue for WSFP operations and projects.

- The current State Fair Park Youth Foundation's name should be changed to have a broader reference such as "Friends of State Fair Park."
- A full-time Development Director needs to be hired to lead the effort at an industry-competitive salary.
- The Foundation must create a strategic Business Plan that specifically identifies its core mission and prioritizes programming versus capital fund raising.
- The first capital project for WSFP ought to be the improvement of the Coliseum and improvements to the Tommy Thompson Youth Center.
- The Board needs to be expanded to include more fundraisers as spokespersons for the Foundation.
- Immediately convene a group of philanthropic leaders to seek their advice relative to the Foundation's structure, direction, personnel and mission, and how the Foundation can be most effective in meeting its objective.
- Obtain initial contributions to fund salary and benefits for a full-time development director.
- Submit to WSFP Board before December 31, 2003 a comprehensive Business Plan as to the foundation's mission, goals, and priorities so that a better relationship can be created between WSFP Board and the foundation.

## **VII SPECIAL COMMITTEE ON BUDGET AND FINANCE**

The Committee was formed to analyze WSFP's 2004-2005 proposed budget, future budget processes, financial impact of major contractual relationships, financial reporting, and strategies to eliminate budgetary operating shortfalls and deficits.

## Global Recommendations Related to Financial Operations of WSFP

- WSFP's major revenue producing activities are the annual Wisconsin State Fair, auto racing and several special events such as Harvest Fair, World Beef Expo, Cajun Fest, Western Days and Livestock Shows. Business from the RV Park and the Youth Center are included in general operations. WSFP serves as a repository for debt service for the PNIC and WEC. WSFP should have oversight and control of any entity for which it is ultimately financially responsible.
- WSFP is considered by State government as a State agency connected to the Wisconsin Department of Tourism for administrative purposes and must adhere to the management practices of that agency and State government. This creates multiple layers of policy and additional workload for WSFP staff. Furthermore, the current agency status requires WSFP to respond to requests from other State departments that oversee global State government operations. While the Committee is deliberating on these issues, actions should be taken to streamline the structure for required reporting to provide business office personnel and overall staff more time to concentrate on their daily business responsibilities of the WSFP operation.
- WSFP's fiscal year starts June 30 and ends July 1 and coincides with all other state government operations. This fiscal year does not match well with the annual schedule of events held at WSFP and consequently makes financial reporting significantly more complex. WSFP should be on



a calendar year to better meet the needs of the organization and to simplify the financial operations of WSFP.

### **Budgeting**

A major issue in the budgeting process is that the largest revenue and expense generator, (State Fair Event) peaks over two fiscal years making it difficult to control many expenses when revenue shortfalls occur. Additionally, the second highest revenue generating program (racing) is budgeted on a calendar year basis, and therefore has the same effect. Until the fiscal year can be changed to a calendar year, the following ought to occur:

- WSFP Board should consider creation of a Budget and Finance Committee for advance review and advice on the biennial and annual budgets.
- All WSFP departments should have increased responsibility for the development and monitoring of annual budgets that relate to their activities. Each departmental budget should provide for monthly and year-to-date analysis, and when summarized, provide information that measures the performance of the major events by category.
- Every event held at WSFP should be accompanied by a profit and loss statement for purposes of measuring financial impact on the enterprise.
- The budget information should be accompanied with quantifiable goals that coincide with the operating plan, and a listing of activities deemed necessary for achievement of the goals and financial plan.
- The biennial operating and capital budget should be presented to and approved by the WSFP Board before being forwarded to the Department

of Tourism and the Department of Administration when required by State Budget Office procedures.

- The annual operating and capital budget should be presented to the WSFP Board ninety (90) days after the end of each fiscal year for review on progress.
- Larger capital items should be planned for and approved at the time the operating budget is approved. Given the ongoing larger construction projects underway at WSFP and the number of smaller project improvements necessary to keep WSFP well maintained, the WSFP Board should set a dollar amount as the gauge for the need of the WSFP Board approval. The levels set should be consistent with State Building Commission and DFD policy guidelines.

### **Financial Reporting**

- On a monthly basis, the WSFP Board should receive a consolidated operating statement that indicates monthly and year-to-date results with comparisons to budget and the previous year. The report should be accompanied by a narrative from the CEO or CFO explaining the positive and negative variances.
- Senior Managers accountable for budget preparation and monitoring should receive monthly reports for areas in which they are accountable, make adjustments when needed, and return written reports in a timely fashion to allow the CEO and CFO time for reviewing and updating of the master budget plan.

- At each regularly scheduled WSFP Board meeting, the agenda should include a comprehensive report on the financial condition of WSFP operations given by the WSFP CFO.

## Audits

The annual state-wide financial statements are completed by LAB about six (6) months after the close of the fiscal year. Following the publication of that information, LAB conducts a stand-alone audit of WSFP. Slowing the process currently is the fact that WEC just completed audits for 2001 and 2002 in July of 2003. WEC operates as a separate non-profit corporation on a calendar year basis and has engaged an auditing firm outside the state system. WSFP is statutorily required to use the auditing services provided by LAB at least once every four (4) years. The following recommendations are in order:

- Because it will be nearly impossible to shorten the time interval between the close of the fiscal year and the LAB's audit, it becomes imperative for WSFP to have internal accounting procedures that mirror the accounting practices of LAB, and comply with generally accepted accounting procedures.
- The LAB should provide a management letter annually, and meet in closed session with the WSFP Board to review its findings.
- Audit issues should be added into the area of a prospective Board Budget and Finance Committee.

## **Controls**

In the past two years, WSFP has made significant investments in technology that should dramatically improve controls over admissions and sales that provide for direct revenue generation. The following recommendations are in order:

- WSFP should continue to develop written business policies and procedures; and invest in technology that provide for uniform treatment of attendees, exhibitors, and vendors; and accurately measures the activities of WSFP

## **Debt Service**

Attached to this Business Plan is a listing of estimated debt service costs by year for WSFP (Attachment V). The total amount for 2004 is \$6,187,182. A breakdown of debt service obligations for four (4) major areas of activity include: WEC - \$2,579,000; Milwaukee Mile - \$1,863,000; PNIC - \$728,000; and WSFP - \$948,000. WSFP is legally liable to fund the debt service for Milwaukee Mile, PNIC and State Fair Park. It is clear that WSFP's structural relationships with PNIC and WEC do not provide adequate opportunity for input and control to assume the responsibility for financial accountability. The following recommendations are in order:

- The five (5) member WEC Board should appoint three (3) members from the WSFP Board and use its authority to insure that all WEC financial and audit information is processed in a manner that fully integrates with the budgeting and financial management policies and practices of WSFP
- PNIC should be restructured to include significant representation from the WSFP Board on the PNIC Board; and that all PNIC financial and audit

information should be processed in a manner that fully integrates with the budgeting and financial management policies and practices of WSFP.

- Strong consideration should be given to integrating and consolidating the staffing of PNIC, WEC and Milwaukee Mile into the WSFP parent organization. The immediate benefit of doing so would be to achieve better economies of scale related to staffing. The Committee would also suggest proceeding with caution so as not to eliminate the positive financial aspects of the respective non-profit entities or the short term employment advantages of each.
- WEC President and PNIC Executive Director should report to the WSFP CEO. This will ensure enterprise coordination and eliminate cross-purpose decisions being made.
- A comprehensive WSFP related bonding analysis should be directed by the Secretary of the Department of Administration to determine if a "roll up and refinance" strategy would be of benefit to the overall WSFP financial position. If feasible, this strategy would allow the WSFP Board and management a clearer picture by which to make decisions on bonding issues for future projects.

### **Revenue Generation**

The pricing of routine services or rental of the property has not been reviewed and/or increased methodically in concert with general economic conditions. The following recommendations are in order:

- All categories of revenue should be evaluated on an annual basis against comparable industry standards, adjusted where appropriate and then reflected in the annual budget, goals and program of work.
- Recent State budget actions have mandated that WSFP return approximately \$2.4 million dollars in program revenue generated at WSFP back to the State to assist with the current State Budget shortfall. Consequently, this mandate, in addition to a lack of adequate financial management, has created a "chilling effect" on outside private or corporate contributions to the WSFP for future improvements or program support through naming rights or philanthropic efforts. The Committee recommends that the Governance Committee consider creation of a separate entity to allow for such contributions without fear of a future State take-away action.

### **Operational Changes**

The following recommendations are made to provide management greater operational flexibility and time efficiency:

- The WSFP Board meetings should be held on a quarterly basis in order to provide staff ample time to perform its daily duties.
- The current \$5000 expenditure amount limit on WSFP Board is low and should be changed to allow for greater expenditure flexibility, efficiency, and authority by management. Management expenditures however would be required to stay within the WSFP Board's approved budget limits.
- WSFP employees are engaged through the State Civil Service system under position identification, compensation and benefit programs

consistent with other state agencies. Higher level positions needed to provide specific functions for WSFP are not consistent with the State's compensation or evaluation system. There is a need to support a new structure that would allow management to hire outside the Civil Service system in order to meet its needs.

- Currently, the WSFP Board contract position of WSFP CEO does not allow for oversight of specific civil service actions. Certain actions must be coordinated through the Secretary of Tourism who serves as the agency appointing authority. A structure needs to be in place that allows for oversight of all future enterprise employees directly by the WSFP CEO.
- Currently, WSFP has no human resources division and consequently must work through the Department of Tourism for this function. Given the magnitude of current changes throughout WSFP, i.e. acquisition of Milwaukee Mile, consideration of consolidation of the PNIC and WEC, the Committee would recommend that the organization immediately pursue and hire an HR professional in house to accomplish this task.

#### **The Need for a Chief Financial Officer**

LAB in its 2003 report indicates that WSFP has been unable to provide materially correct financial statements for the FY 2001-2002 audit process and consequently have caused delays in completing LAB's audit. Financial management, financial controls, and financial forecasting are areas that need to be immediately improved for the future stability of WSFP. A CFO needs to be immediately hired to direct and oversee all of the financial activities of the WSFP, including preparation of current financial reports, as

well as summaries and forecasts for future business growth and general economic outlook. The CFO would undertake the following functions:

1. Direct the preparation of all financial reports, including income statements, balance sheets, financial reports to the WSFP Board, tax documents and reports for government regulatory agencies.

2. Oversee accounting departments, budget preparation, and audit functions. Meet regularly with department heads to keep informed and to offer direction.

3. Review reports to analyze projections of sales and profit against actual figures and budgeted expenses against final totals, and suggest methods of improving the planning process as appropriate.

4. Analyze company operations to pinpoint opportunities and areas that need to be reorganized, down-sized, or eliminated.

5. Confer with the CEO and all enterprise senior level managers to coordinate and prioritize planning.

6. Study long-range economic trends and project WSFP's prospects for future growth in overall sales and market share, and opportunities for expansion into new program areas. Estimates requirements for capital needs and an increase in the work force.

7. Supervise investment of funds (if allowed under a new governance structure) and work with banks and/or investment bankers as required.

8. Establish event profit and loss models for management use and apply against all events.



## **Entertainment -- Performance-Based Compensation**

The entertainment industry is usually performance-based. While salaries are competitive, often times the upside to the employee is based upon performance in achieving certain programmatic and revenue goals. In moving forward, management personnel of the new structure to be created would have to be compensated on such basis in order to be competitive in the industry. Currently the State's incentive system is not competitive with the entertainment industry's compensation system. Continued employment and compensation should be based upon programmatic goals and financial revenue and production goals set with the employee on an annual basis in order to be ultimately successful.

## **Team**

Because of financial results, the negative publicity received in the press, and its unusual structure, i.e. a CEO that is not a State employee who has no control over his employees, the team needs to be re-invigorated. The family of workers under the new structure must have a "can do" attitude. While the current staff has done a remarkable job under the most adverse circumstances, including dramatic budget cuts and the inability to hire industry talent, the new structure must create a family of workers led by strong management that have as its goal the re-energization of WSFP. Currently the legal structure and work environment do not lend itself to staff members making an investment in their employment.

## **VIII COMMITTEE ON CONSTITUENTS**

The Committee on Constituents is a broad-based citizens committee with divergent views which will provide an analysis and suggestions as to how WSFP can be improved. The Committee represents the voice of the people and is composed of

diverse Wisconsin citizens. The State Fair Park Special Committee on Constituents has met two times on Friday, May 9, 2003 and on Friday, June 27<sup>th</sup>, 2003. In addition, the co-chairmen have received many telephone calls and letters and have had personal contacts with a variety of citizens.

The most positive comments received were concerning the facilities for the agricultural people. The WSFP is definitely going in the right direction. Everybody is pleased with the new cattle and horse barn. The people who are exhibiting animals are calling our agriculture area "top of the line."

There are, however, areas of concern. Almost everyone the co-chairmen have talked to are true fans of the Fair. The most common fear is that we may lose the "feel of the Fair." The atmosphere of the State Fair is very special. Many people do not want to come to the Fair and experience a "shopping mall" feel.

Food is very important. The WSFP has a wide variety of specialized food Vendors, many who have been with the State Fair for a long time. A public/private partnership was developed over the years. Money was invested, buildings were erected, and these Vendors have become a part of the Fair experience.

What follows are the concerns of our constituents and some possible solutions and recommendations to those concerns.

## **TRAFFIC - PARKING**

The clockwise flow of traffic is a great idea. We can improve traffic congestion by:

- Using County Park-and-Ride lots and Miller Park when possible
- Encouraging off-ground parking alternatives
- Improving communication with gate attendants and parking lot personnel

- Looking for more parking options for the agriculture people and 4-H youths.
- Encouraging car-pooling by providing high volume entry points and high volume parking.
- Advertising and promoting the off-site parking and park-and-ride lots to all attendee segments.

### **Exiting**

At Gate #1, permit an eastbound (left turn) lane onto Greenfield Avenue.

### **ELDERLY**

- Our senior citizens need more locations to sit down and rest -- these locations should be scattered throughout the entire Park.
- Many seniors would stay longer and come more often if the State Fair had more senior rest areas.
- Create mini-green spaces throughout the Park.

### **VENDORS**

- Do not put the eating locations in one areas - people like walking around the Park tasting and sampling food.
- Keep the traditional vendors who have provided the flavor of the Fair for years.
- WSFP needs to protect against cost increases to the Vendors being directly passed on to the consumers.
- WSFP should consider working with permanent vendors on low price purchase strategies for customers, i.e. bargain packaging.

- Vendors should begin working on creative promotional strategies to draw more business to their stands. Beer corkage fees should probably stay at current levels until attendance levels show substantial increase.

## **OTHER PARK ISSUES:**

### **Master Plan**

- Many of the people we have touched, including people on this Committee, are unfamiliar with the "Master Plan."
- This is the time to revisit the "Master Plan" to educate the people on where WSFP is intending to go and see if WSFP is going in the right direction.

### **Milwaukee Mile**

Generally, people are glad the WSFP has obtained control of Milwaukee Mile.

As expected, there were some complaints about the noise and bright lights for the night CART race. On the other hand, there were many more compliments than complaints. There were a few complaints about the tire testing programs.

- There should be better communication with the Mayor and neighbors about the scheduling of the tire testing and perhaps alter the time of day or the actual days for tire testing. (The Mayor has now received a copy of the tire testing schedule).
- WSFP should inform the City of West Allis about races that are planned in the future.
- WSFP should look into some type of sound barriers -- perhaps trees -- on the East end of the track.

### **WEC**

- WSFP received mostly positive comments.

- Some concern exists about losing some popular shows like Rummage-O-Rama and Channel 36 Auction because of costs.
- Several complaints were made about paying for parking, especially for free shows or expositions.
- The Holiday Folk Fair people need contracts much earlier so that they can plan and sell their event. Costs and fees should also be examined to make sure the event is financially successful in the future. WSFP may want to consider a co-promotion arrangement to help build the event.

### **2003 State Fair**

- There were many complaints about the helicopter rides - both at the northern and southern locations. Suggestions range from the elimination of the ride to a route location away from the residential areas.
- Higher pricing rates for the vendors have been passed on to the Fair customers. This is a Lose-Lose situation. A lot of people who come to the Fair multiple times are only coming once, maybe twice. People are spending less, eating less, and in a few cases, bringing in their own food and beverages.

### **Agriculture**

- The Coliseum needs renovating to bring it up to the standards of other agriculture buildings.

### **Grounds**

- There were a lot of positive comments about the cleanliness of the grounds -- GOOD JOB!

- WSFP should be more aware of the area outside the gates -- regular litter collections and weed control would help. The railroad right-of-way should be cleaned up - this area appears to be an easy and apparently popular way to sneak in the Park without paying.

## WEC

- Set up was well organized. The professionalism and courtesy of the staff was very much appreciated.
- Separate restroom facilities are available for the vendors but many of them were unaware that there were such facilities in the loading dock area.
- The south end of WEC does not receive the same flow of traffic as the north end -- the building is vast and people seem to tire or lose interest after a while. The southern vendors suffered from poor sales.
- The 4H area was removed and relegated to the far southwest corner of the building. The noise from the bingo area and the general noise level of the building detracted from the 4-H activities. We need to spotlight the 4-H people -- not hide them in the far corner of the building.
- The area for nursing mothers was a wonderful feature and very appreciated. Perhaps WSFP could find a sponsor for that area, very much like the Charmin Restroom, which was very popular.
- Many of the agricultural people were disappointed that Orin Samuelson was not a part of our auction and other programs this year. He does represent the Fair to a large market area in northern Illinois.

## **General**

- Attendance was down this year, probably due to several main reasons, including:

1. Weather
2. The Economy

## **Suggestions**

- Explore bringing back carload days
- Consider booking one or two national acts -- even if we have to charge for major big name shows.
- Promote discount days to get more people in the park
- Try another circus during the Fair
- Display farm equipment -- for a fair where agriculture is very important, we have no farm equipment display
- Erect a sunscreen over the international stage so families do not look into the hot sun. Also screen the kids activity area south of WE Energies.
- Start the marketing of the Fair earlier. Look for new, innovative marketing ideas.

## **IX THE ANNUAL STATE FAIR - 2003**

Without question the annual State Fair is the crown jewel of WSFP offerings. In its 152 year life, the State Fair has produced countless memories for patrons, exhibitors and vendors alike. Major historic events have occurred on the venerable Fair Grounds from presidential visits to the first flight over Milwaukee. This treasure of an event must always be protected and nurtured, but not relied upon to support other events at WSFP as is currently the case.

Over the last decade, attendance for the State Fair has ranged from 775,000 to over 900,000 depending to a significant degree on weather

#### State Fair Attendance

1994	910,662
1995	843,778
1996	922,267
1997	911,384
1998	881,313
1999	903,846
2000	904,059
2001	774,650
2002	894,709
2003	809,484

The annual event, however, has never surpassed the 1,000,000 attendance mark. This is a goal of the current management team. To reach this goal, management and the WSFP Board will have to continually strive to make the State Fair more inviting, efficient and comfortable from an operational stand point as well as bigger and more exciting from a marketing standpoint.

Current statistics show that fairgoers come from the following areas.

- 51% Metro Milwaukee
- 21% South Eastern Wisconsin
- 16% Out – State Wisconsin (outside Metro Milwaukee)
- 8% Northern Illinois
- 4% Other States

In order to achieve this goal, promotion and demographic growth must be increased across the board with special emphasis on Out–State Wisconsin and Illinois regions.

To increase revenues, WSPF has increased some fees to market comparable levels. For example:



- Adult admission to the Wisconsin State Fair increased to \$7 in 2001 and 2002, and \$8 in 2003. It had been \$6 from 1996 through 2000, and \$5 before 1996.
- A \$3 admission fee for children between the ages of 7 and 11 was instituted in 2001.
- State Fair parking fees increased from \$5 in 2002 to \$8 in 2003, and non-fair parking fees increased from \$3 to \$5 as of January 1, 2003.

The Fair continues to provide the largest share of State Fair Park's annual revenue, and WSFP's reliance on it has increased in each year since FY 1998-99. By FY 2002-03, the Fair accounted for 63.2% of State Fair Park's total revenue.

#### **State Fair Park Revenues**

<i>Fiscal Year</i>	<i>Fair Revenue</i>	<i>Percentage of Total Revenue</i>
1998-99	\$ 8,061,221	56.8
1999-2000	8,682,473	57.0
2000-01	9,633,951	60.5
2001-02	9,390,935	61.5
2002-03	10,060,567	63.2

The State Fair Event has been largely profitable over the years. The Event for FY 2003-04 generated revenues of \$10,753,000 and turned a profit of nearly \$1.8 million, up 63% over last year's profit, despite a drop in attendance. Since so much of WSFP's revenue is dependent upon the success of State Fair, enhanced marketing and increased attractions and programming should be of highest priority.

## **Enhanced Marketing**

To reach this goal, new marketing strategies and activation plans must be developed. These plans should include ideas from strategy sessions with our current and future sponsors to leverage the marketing resources, distribution networks and corporate product brand identification strength of each sponsor. This is a win - win philosophy and will serve as an engine for WSFP attendance growth. Furthermore, WSFP staff should be developing early promotion events at remote locations throughout the State to grow State Fair awareness much earlier in the calendar year. WSFP should consider creating a goodwill team that goes out during the months of January through May to Chambers of Commerce and civic groups to promote the State Fair Event directly. In addition, WSFP should consider creating a partnership with a local or regional cable or television company to create a television package that reaches a greater number of constituents for purposes of announcing and promoting the State Fair Event prior to its scheduled dates. Strategic planning should be completed by November 2003 in order to provide ample time for development of advance marketing campaigns throughout our growth market regions starting in 2004.

To reiterate, specific marketing ideas should be jointly developed before November 2003 in order to activate plans earlier in 2004, thereby working to increase attendance and financial output.

## **Increased Attractions and Programming**

As part of the 2003 Fair debrief session, staff was asked to produce some preliminary ideas for new 2004 State Fair attractions. Again, these were ideas generated by staff in a one-day session immediately following the Fair through a breakout team process. Additional ideas were provided by the CEO accumulated

through outside industry personnel in general discussions on fairs and festivals nationally. Additional ideas will be entertained between now and the end of the year as well. Furthermore, all ideas will be thoroughly researched based on cost/benefit analysis.

### Extreme Sports/Skate Park

- Summerfest and Bastille Days do this.
- Skews younger and helps build our teen attendance.
- Big Backyard is possible site but it must go on later into the evening.
- South Grandstand is also an option but must be paired with large draw in the ball field area.

### Rodeo

- Possible for 2 days in the Coliseum.
- Other Fairs do it successfully. Research numbers.
- Skews family, rural and male.
- Create a State competition for high school riders.
- Logistics may be a problem.

### Sulkie Races

- Not recommended as the track would have to be covered with dirt.
- Operationally not feasible.

### Tractor Pull

- Not recommended due to difficulty of set-up.

### Circus

- Circus in 2001 at south end of Central Mall was a success.
- Not as inclusive to fit 60/40 demographic split.
- Fits the Fair mission and has history behind it.
- Fits in the ball field and could anchor the South Grandstand area, helping to pull people around corner.
- Would create an exciting visual from Greenfield avenue (similar to what Midway has done for the north lot).
- Camels, elephants, pony rides.

### High Dive

- Location – Grandstand, infield or design overhead for central section of Park.
- Demographics – 12 to 20 year old crowd.
- Not likely to add to Gate sales.
- No historic precedent.

#### AG Birthing Center

- Co-produce with UW Vet School
- Expensive, potential media issues both negative and positive.
- Minnesota State Fair uses. (incredibly successful).
- Requirements; dedicated space, cost, coordination. Could be sponsored.
- Potential locations; animal care building, warm up building, space west of cattle barn.
- Demographics; families, urbanites, rural crowd.
- Moderate draw potential, added value for the Ag experience.

#### Other Ideas

- Sports Stars Center (autographs, videos, lectures)
- Traveling Packer Hall of Fame experience.
- Theatre Entertainment
- All-Star Wrestling
- NASCAR Milwaukee Mile Museum
- Micro Water Park
- Greater promotion, improvement to the Midway Mile go carts. Greater tie in with the Mile program.
- Promotion of "one of a kind" Midway rides to help drive Midway gross.
- Park wide Treasure Hunt: Run a pass book treasure hunt throughout the entire course of the Fair. Would require at least two visits to complete and possibly win. Have a major drawing giveaway on the last day of the Fair for those completing the hunt. (could win a vacation, trip, hotel stays, TV etc..)
- State Horse Shoe Competitions (used to be at the Fair)
- State Bocce Ball Competition

#### Special PNIC Ideas:

- Program the PNIC with a major attraction that starts before the Fair and runs through the end of August.
- Technology World: partner with the Bradley Technology & Trade School and several high tech corporations to display leading edge technology for both business and home use.
- Sports Extravaganza: Program the entire building with participatory sports, merchandise sales, pro athletes for meet and greet, etc..
- Extend Midway Kiddie Land into the PNIC and expand adult Midway into current Kiddie land space with more and larger rides.
- Auto Racing World: Go Cart racing, Milwaukee Mile History exhibit, pro driver

appearances.

- Public Ice Competitions: program the center with non-stop competitions for the public with major prize awards. Could be curling, obstacle courses, sprints, make your own skate wagon for racing.

Dated this 22<sup>nd</sup> day of October, 2003.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Martin J. Greenberg", with a large, stylized flourish at the end.

Martin J. Greenberg  
Chairman

# ATTACHMENT I

## COMPARATIVE ANALYSIS OF STATE FAIRS REVISED JUNE 13, 2003

State Fair	Legal Structure	Funding Mechanism	Employee Designation	State Procurement Laws	Separate Entities at Site	Board Composition	Authority to Issue Bonds	What would you change?
Wisconsin	State Agency	100% program revenue from annual events operation at Fair Park	State Civil Service	Complies with state procurement regulations	Expo, Petit Ice Center	13 members: includes 4 legislators, 6 from the private sector appointed by Governor, 2 secretaries, Dept. of Tourism and Dept. of Agriculture	Yes, with state building commission approval.	
California	State Agency	100% program revenue from Park operation	State Civil Service	Yes, with tailored exemptions	Water World, Paradise Island	10 members, appointed by Governor	Yes, with state permission	Would like unilateral authority to issue bonds without state permission.
Eastern States Exposition Home of 'Big E' (New England)	Private, Non-Profit Corporation	Primarily fair-related revenue streams	Private	Sets rules independently via board policy.	None	20 members, elected from a group of trustees with representatives from throughout New England	N/A	Happy with current, independent structure, but would enjoy additional funding sources.

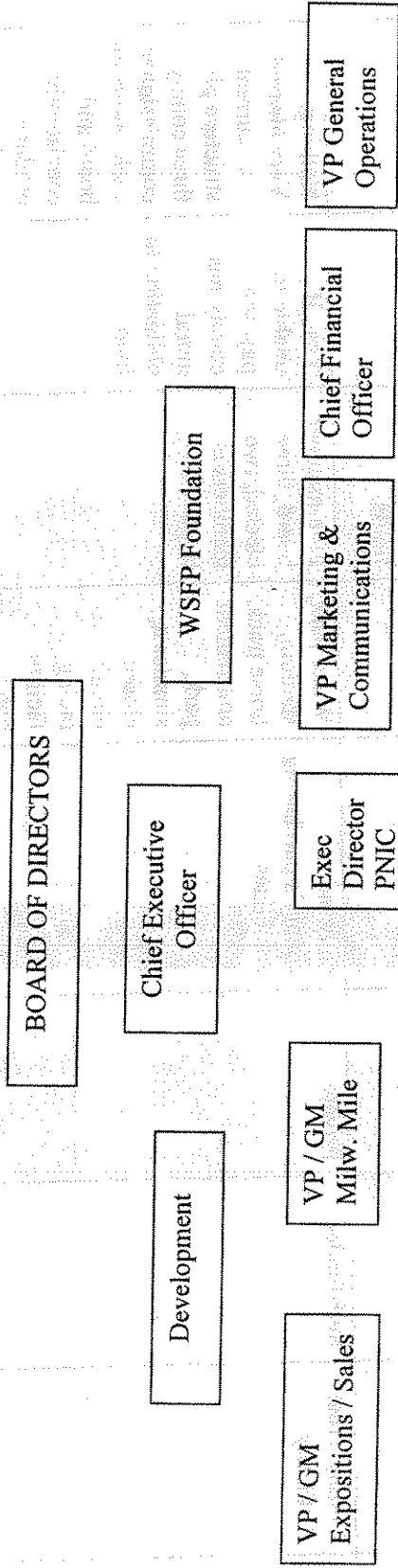
State Fair	Legal Structure	Funding Mechanism	Employee Designation	State Procurement Laws	Separate Entities at Site	Board Composition	Authority to Issue Bonds	What would you change?
Indiana	State Authority	Property tax revenues, River Boat admissions, yr.-round park event operations	Private with employee option to use state benefits program.	Yes, but tailors laws to fit Fair's needs.	Coliseum	17 members - Seven elected from seven fair districts, seven Governor appointed and three are ex-officio, representing Governor, 4-H, Lt. Gov.	Yes	None
Iowa	State Authority	Funds are generated by annual Fair admissions and supplemented by the non-profit Blue Ribbon Foundation.	State employees	None. Board policy for procurement rules.	None	15 members. Iowa is divided into six districts; two from each are elected onto Board. Remaining three members are Governor, Secretary of Agriculture, and President of Iowa State University.	State of Iowa issues bonds on behalf of State Fair.	Nothing at this time.

State Fair	Legal Structure	Funding Mechanism	Employee Designation	State Procurement Laws	Separate Entities at Site	Board Composition	Authority to Issue Bonds	What would you change?
Minnesota	Governing body is the independent State Agriculture Society.	Self-funded through year-round events, admissions, concessions, etc. Began foundation in '02, which should increase donations to State Fair.	Privately hired by State Agriculture Society	No. Board sets policies.	None	10 members elected at annual meeting in Jan. Each of MN's 8 districts nominates and elects one member to serve on Fair board. Two others serve as VP's and represent St. Paul. No term limits.	Yes	Eliminate all remaining connections to state bureaucracy.
Oklahoma (Tulsa)	County Trust Authority	Self-funded	Private	Only meets county's purchasing guidelines	Water park, stadium, horse track, amusement park, simulcast, closed-circuit racing facility, hotel	Five-member board, three elected, two members at large	Yes. If unable to pay, the county has moral obligation to fund.	Nothing. Very pleased with current structure plus three county commissioner s who serve on board and consistently produce positive results.



## ATTACHMENT II

### ENTERPRISE ORGANIZATION CHART



CONFIDENTIAL

# ENTERPRISE FUNCTION CHART

BOARD OF DIRECTORS

Executive Office

Development and Planning

WSFP Foundation

## PROGRAM

## SUPPORT

Expositions and Sales	Milwaukee Mile	PNIC	Marketing and Communications	Finance and Administration	Park Operations
Expo /WPP Events	Racing Events	Ice Programs	Enterprise Marketing	AR/ AP	Grounds / Maintenance
Space Sales	Track Rental	Fundraising	Advertising	Revenue Control	Admissions
Ticket Sales			Sponsorships	Accounting	Transportation
Group / Hospitality Sales			Communications	Budget	Parking
RV Sales			Merchandise	Payroll	Guest Services
F&B Sales				HR	Security
YC Meeting Rooms				Information Technology	Capitol Police

ATTACHMENT III

**GOVERNMENT AGENCY MODELS  
COMPARISON MATRIX**

<b>SUMMERFEST</b> Milwaukee World Festival Inc.	Not-For-Profit Status under Chapter 181. 501(c)6	Contributions to MWFI are <u>not</u> tax deductible.	
	20 Year Lease Agreement w/City	Pays 2% of net income as rent to Harbor Commission for bond debt repay.	MWFI pays for city services, except for Fire and Police.
	Redevelopment Authority Bonding for Improvements was used initially.	MWFI now pays for all improvements to grounds.	City has right to approve all improvement plans.
	City reserves right to inspect books upon notification.	Annual audit of financials required by the City.	MWFI indemnifies city.
	(25) Member Board  Additional Advisory Board with no limit on seats, non- voting.	(13) "at-large" citizens (board appointed) (8) Government (3) Major Stage Sponsors (1) President of UFC (rotates annually)	3 Year Terms 2 Term Limit ¼ seats Milwaukee Business Residents, Government: Mayor, County Exec, Common Council President plus one citizen, Alderman, City Comptroller, Commissioner of Public Works, Commissioner of City Development

<b>BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION</b>	Non-Profit Status under Chapter 181.	Public Body Corporate and Politic.	Contributions to the Center (tax deduct).
	<b>Purpose:</b> Own and operate for the benefit of the citizens of this State.	Adequately provides for long-term maintenance	
	Submits annual audit of financial statements to the Governor and Legislature.	Uses GAAP accounting methods.	
	(9) Member Board, (6) appointed by Governor, (3) by the Bradley Foundation.	(6) by Governor require Senate confirmation, (3) of (6) business exper.	Executive Director hired by Board.
	Full Contracting Authority.	No discriminating in contracting per s.51.01 (5)	Provide copies of contracts of over \$20K for services to the public.
	Non-Civil Service		

<b>MILLER PARK</b> Professional Baseball Park District	Special District Body Corporate and Politie.	Taxing Powers Bonding Authority	Sales Tax (Sunset Clause). State Moral Obligation Pledge
	13 Member Board (6) by Governor (2) by County Exec (4) by Individual Counties, (non-Milwaukee). (1) by Mayor 2&4 year terms	Governor selects Chairman.	
	Non-Civil Service		
	Full Contracting Authority	Strong "minority" contracting provision	
	State Agencies may provide assistance if entity enters a lease agreement w/DOA.	DOA shall not act as general contractor; provision.	
	Abides by State Open Meetings Laws		
	Biennial audit by State Bureau presented to JCF.		
	District Board Members may not provide free tickets to Public Officials.		

MIDWEST EXPRESS CENTER Wis. Center District	Special District Body Corporate and Politic	Taxing Powers Bonding Authority	Room Tax Food & Bev. Tax State Moral Obligation Pledge
	<b>15 Member Board</b> (2) Mayor appoints; residents of Milwaukee private sector. (3) City Council President appoints. Public Sector members from Milwaukee. (1) City Comptroller (3) County Exec. appoints; (2) private sector. (1) CEO of municipality (4) appointed by Governor, (1) Sec. of DOA (1) Private Sector w/ Food & Beverage experience. (1) Private Sector w/ hotel experience. (1) Private Sector * Two of four should be non-Milwaukee residents. (2) Co-Chairs of Joint Finance Committee or designees. 2&3 year terms	Board elects Chairman.  Private sector members can only serve 2 terms.	
	Abides by Open Meetings Laws.		
	Non-Civil Service		
	Annual Budget does <u>not</u> require any government approval, i.e. city council, county board, etc..		
	Contracts over \$30,000 must be bid.	Strong "minority" contract % provision.	Evaluation panel created for construction bid reviews (2) DOA members

<b>WISCONSIN STATE INVESTMENT BOARD (SWIB)</b>	(9) Member Board Sec. of DOA or designee. (1) Local Government Representative w/financial position/credentials. (5) Members - 4 of which must have 10 years financial experience. (2) Members from Wis. Retirement System 6 year terms.	Gov. appoints Members and Chairman with advise and consent of Senate.  Board appoints Exec. Director	
	Non-Civil Service (except for clerical/blue collar positions)	Non-Civil Service can receive Bonus' for performance.	
	Abides by State Ethics and Open Meetings Laws.	Strict policies restricting any personal investments in certain corporations and gifts.	
	Chairman must appear annually at Legislature to report on SWIB status if called by Committee.		
	Authority Designation		
<b>WIS. HOUSING AND ECONOMIC DEVEL. AUTHORITY (WHEDA)</b>			
	12 Member Board Sec. of DOA Sec. of Commerce (6) Public Members (2) Senators, Rep. & Dem. (2) Reps. Rep. & Dem. 4 year terms.	Governor appoints (6) public members, Chairman and Exec Director w/advise & consent of Senate.	
	Non-Civil Service	Civil Service wage limits at Exec. Level	
	Must abide by State Ethics and Open Meetings Laws.		

University of Wisconsin Hospitals and Clinics Authority	Authority Designation	Bonding Authority
	<p><b>15 - Member Board</b></p> <p>(3) nominated by the Governor with advice and consent of Senate</p> <p>(2) co-chairpersons of the Joint Committee on Finance</p> <p>(3) members of the Board of Regents, appointed by the president of the Board of Regents</p> <p>(1) Chancellor of UW-Madison or his/her designee</p> <p>(1) Dean of UW-Madison medical school</p> <p>(1) Chairperson of a department at UW-Madison Medical School, appointed by the Chancellor of UW-Madison</p> <p>(1) faculty member of a UW-Madison health professions school, other than UW-Madison Medical School, appointed by the Chancellor of UW-Madison</p> <p>(1) the Secretary of Administration or his or her designee</p> <p>(2) nonvoting members appointed by the Governor, one of whom shall be an employee or a representative of a labor organization recognized or certified to represent employees in one of the collective bargaining units specified in s. 111.05 (5) (a) and one of whom shall be an employee or a representative of a labor organization recognized or certified to represent employees in one of the collective bargaining units specified in s. 111.825 (1m)</p>	<p>Non-profit status</p> <p>Board of Directors elects chairperson annually</p> <p>Board of Directors appoints a CEO who is a non-member of the Board of Directors</p>
	<p>Annually submits to the Chief Clerk of each house of the legislature under s. 13.172 (2), the President of the Board of Regents, the Secretary of Administration and the Governor a report on the patient care, education, research and community service activities and accomplishments of the authority and an audited financial statement, certified by an independent auditor, of the authority's operations</p>	
	<p>Non-civil service (except for blue-collar, technical, administrative)</p>	<p>Can engage in collective bargaining</p>
	<p>Gives preference to veterans in regard to hospital admission</p>	



Lambeau Field Green Bay/Brown County Professional Football Stadium District	Special District Body corporate and politic	Taxing Powers  Bonding Authority	State Moral Obligation Pledge
	<b>(7) Member Board</b> (3) appointed by the Mayor of Green Bay (3) appointed by the Brown County Executive (1) appointed by individual municipality, (non-Green Bay). 2 & 4-year terms	The District Board shall elect from its membership a Chairperson, a Vice Chairperson, a Secretary, and a Treasurer	
	Non-civil service		
	Full Contracting Authority	Strong "minority" contracting provision	
	Sells engraved tiles or bricks		

# State Fair Park's Financial Performance

## Fiscal Year 2003

	Combined All Activity	Business Component Performance				Wisconsin's General Fund
		State Fair	Pettit Center	Milwaukee Mile	Non-fair Operations	
Revenues	15,938,926	\$ 10,060,557	\$ 521,785	\$ 2,733,191	\$ 2,602,727	-
Operating Expenditures	15,302,620	8,547,114	72,083	2,540,500	4,232,924	-
Debt Service Payments	1,889,918	434,110	965,781	377,720	112,307	-
Operating Surplus/(Shortfall)	(1,364,729)	1,079,333	(516,079)	(185,029)	(1,742,504)	-
Less Non-recurring Costs:						
Purchase Racing Promotion Rights	250,000	-	-	250,000	-	-
Repayment of 2002 Debt Service	1,065,633	-	-	376,643	-	-
General Fund Assessment	2,376,600	-	-	-	-	2,376,600
Total Revenue Shortfall	\$ (4,136,522)	\$ 1,079,333	\$ (516,079)	\$ (811,672)	\$ (1,742,504)	\$ (2,376,600)

### Comments:

- 1) While the above shortfall generally represents State Fair Park's program operations account balance at the end of fiscal year (FY) 2003, it is worth noting that its capital reserve account balance at fiscal year-end was \$842,200.
- 2) The Pettit Center did not make lease payments of \$370,400 in FY 2003. As of June 30, 2003, the Pettit Center owed State Fair Park a total of \$1,263,700 in past-due rent. The remaining shortfall of \$146,079 is a result of State Fair Park paying \$72,083 in municipal fees that were not reimbursed by the Pettit Center and approximately \$73,600 in higher debt service costs as a consequence of past bond refinancing initiatives.
- 3) State Fair Park would have been responsible for the Milwaukee Mile operating shortfall even if it did not purchase the promotional rights. The lease with Haas Racing required State Fair Park to reimburse debt service payments to the extent a loss was incurred.
- 4) Non-fair operations incurred the largest operating shortfall. Two reasons generally account for this: 1) because State Fair Park agreed not to compete with the Exposition Center, more than \$1.2 million of net revenue (surplus) was lost when the Exposition Center opened; and 2) agriculture events, such as the World Beef Expo and various 4H Horse Shows and events, are not intended to recover costs.
- 5) The \$2.4 million General Fund assessment is unrelated to State Fair Park operations. It is intended to improve the State's financial condition.
- 6) The Exposition Center is not shown because it received no subsidy from State Fair Park in FY 2003. In the near future, State Fair Park may need to provide support if Exposition Center revenues are not sufficient to fund its operating costs, including debt service.

ATTACHMENT V

**Estimated Debt Service of Entities Operating on State Fair Park's Grounds**  
(costs reported for periods corresponding to State Fair Park's fiscal year—July 1st through June 30th)

	<u>Exposition Center</u> (1)	<u>Milwaukee Mile</u> (2)	<u>General State Fair Park</u> (3)	<u>Pettit Center</u> (4)
FY 2004	\$ 2,578,518.96	\$ 1,863,277.51	\$ 947,500.05	\$ 727,887.78
FY 2005	2,859,353.97	1,864,932.54	997,337.28	662,965.50
FY 2006	2,937,863.69	1,813,567.53	679,638.98	876,262.39
FY 2007	3,014,894.70	1,814,640.94	675,182.97	874,305.17
FY 2008	3,094,972.93	1,810,803.08	612,706.77	943,799.71
FY 2009	3,158,098.45	1,814,326.19	612,301.68	942,655.94
FY 2010	3,253,323.16	1,818,965.03	682,743.60	866,538.25
FY 2011	3,339,382.87	1,821,209.80	682,242.94	866,346.15
FY 2012	3,416,277.59	1,820,532.31	840,446.75	892,455.64
FY 2013	3,421,061.61	1,820,131.16	839,143.58	894,556.21
FY 2014	3,420,789.09	1,820,077.25	806,739.57	44,033.88
FY 2015	3,410,618.02	1,820,030.83	806,268.86	42,947.22
FY 2016	3,405,390.41	1,819,982.92	809,413.02	42,697.33
FY 2017	3,404,474.19	1,765,682.87	772,419.00	38,916.82
FY 2018	3,397,553.28	1,684,096.54	815,977.34	-
FY 2019	3,394,311.72	1,667,206.54	775,552.35	-
FY 2020	3,389,275.48	1,569,984.65	739,193.60	-
FY 2021	3,382,128.47	1,523,450.97	673,434.09	-
FY 2022	3,372,554.67	1,523,239.57	-	-
FY 2023	3,369,921.96	1,529,842.93	-	-
FY 2024	3,358,756.38	-	-	-
FY 2025	3,348,741.89	-	-	-
FY 2026	3,344,088.34	-	-	-
FY 2027	3,334,163.67	-	-	-
FY 2028	3,318,651.90	-	-	-
FY 2029	3,248,198.50	-	-	-
	<u>\$84,973,365.90</u>	<u>\$34,985,981.16</u>	<u>\$13,768,242.43</u>	<u>\$ 8,716,367.99</u>

**Notes:**

- (1) State Fair Park is not legally liable to make debt service payments if the Exposition Center is unable to generate sufficient revenue to fund all of its debt service. Nevertheless, the State Fair Park Board would likely feel that it is responsible to provide any financial support needed to address Exposition Center's debt service shortfalls.
- (2) State Fair Park is legally liable to fund debt service. If the Milwaukee Mile is unable to generate sufficient revenue from its operations to fully fund its debt service, funding from other State Fair Park operations would be required to fund debt service shortfalls.
- (3) State Fair Park is legally liable to fund debt service.
- (4) If the Pettit National Ice Center is unable to generate sufficient revenue to fund its debt service, State Fair Park is legally liable to fund debt service shortfalls.

## State Fair Park

Legislative Audit Bureau  
November 2003

## Overview

- ◆ State Fair Park is governed by the 13-member State Fair Park Board
- ◆ State Fair Park is funded primarily by program revenue from the annual State Fair
- ◆ State Fair Park was unable to provide complete and accurate financial statements for FY 2001-02

2

## State Fair Park Finances

- ◆ State Fair Park's total expenses have exceeded revenues in four of the past five fiscal years
- ◆ Total expenses exceeded revenues by \$4.5 million in FY 2002-03

3

### State Fair Park's 2002-03 Deficit

Total Deficit	\$4.5 million
General Fund Lapse	(2.4 million)
Delinquent Pettit Rent	<u>(0.3 million)</u>
Remaining Deficit	\$1.8 million

4

### Building Costs (FY 2001 - FY 2003)

(in millions)

Exposition Center	\$37.8
Milwaukee Mile	19.6
Agricultural Buildings	9.5
Infrastructure	5.6
Entrance Gate and Fencing	2.5
Recreational Vehicle Park	<u>1.7</u>
<b>Total</b>	<b>\$76.7</b>

5

### Milwaukee Mile

- ◆ State Fair Park contracted with private racing promoters from 1929 to 2003.
- ◆ Racing agreements contained provisions that were not favorable to State Fair Park
  - no minimum annual rent payment
  - no required reimbursement of debt service costs
- ◆ Projected 2002 racing loss of \$341,700

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## Milwaukee Mile

- ◆ The racing agreement was terminated two days before the 2003 racing season began
- ◆ State Fair Park agreed to:
  - pay the racing promoter \$250,000
  - assume liability for debt of \$3.2 million
  - assume ownership of assets of \$1.6 million

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## Wisconsin Exposition Center

- ◆ Funded with industrial revenue bonds issued by the City of West Allis
- ◆ In FY 2002-03, State Fair Park:
  - incurred costs of \$39,100 for the Exposition Center
  - reported a \$73,500 net loss from parking
  - had 104 event days leave the fairgrounds
  - received no rent from the Exposition Center

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## Pettit National Ice Center

- ◆ Construction funded with \$9.3 million in program revenue-supported bonds and \$4.0 million in private funds
- ◆ Net losses reported in four of the last five years
- ◆ As of June 30, 2003, the Pettit Center owed State Fair Park nearly \$1.3 million in rent

9

## Business Planning

- ◆ Financial projections for new facilities have been overly optimistic
- ◆ The Milwaukee Mile has not yet received any naming rights revenue
- ◆ The Exposition Center had half the number of events originally projected for 2003

10

## Debt Service Costs In 2003-04

- ◆ State Fair Park's program revenue-supported debt service payments are \$3.5 million
- ◆ The Exposition Center's debt service payments are \$2.5 million
- ◆ GPR-supported debt service payments are \$2.0 million

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## Future Considerations

- ◆ Improve financial management
  - Develop comprehensive business plans
  - Address unfavorable contract provisions
- ◆ Decide future of the master plan
- ◆ Determine level of state support
- ◆ Determine the fairgrounds' management structure

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