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Wisconsin Center District
CEO Update
Thursday, April 2, 2020

Coronavirus:

Updates on event cancellations and postponements are available on VenueOps and from your department leader. As I have stated over the past few weeks, the third and fourth quarters are full of event activities for existing, rescheduled and new business. Assuming we see improvement in virus containment in the next sixty days, we should be able to weather this storm.

The facilities are locked up which is allowing us to reduce utility consumption and minimize the increased cleaning and sanitizing because of the non-use. The Admirals hockey front office team is working completely remotely so none of their staff are in their offices in the Miller High Life Theatre. With the exception of a very small crew, everyone with the WCD is working remotely.

Yesterday we hosted a meeting with representatives from FEMA, Army Corps of Engineers, City, County and State agencies and State Fair Park to review the process of creating Alternative Care sites. Alternate care sites are **not** hospitals. They are spaces which may be used for those who are infected, are not in need of hospitalization, but may not be able to go straight home (or have no home to go to). Should we be called upon the WCD is ready to work in partnership with all agencies to accelerate the rate of recovery for anyone impacted by COVID-19.

DNC update:

During the meeting I told the Board that as of yesterday, we have been told by the DNCC that they were progressing with their planning of the convention. Shortly before the board meeting adjourned, a news release was received announcing the DNC is moving their dates from July to the week of August 17, 2020. I am confident in the abilities of our team to do whatever we need to do to continue to accommodate the DNC and keep this important event on the books for the benefit of the entire city.

Expansion/Completion:

On March 16, as scheduled, the design and construction team presented their cost projection for the expansion project. We had been using the not to exceed number of \$425 million. The project cost number came in at \$419.9 million, which includes contingency for design and construction.

Shortly after the March 6th Board meeting I began discussions with the City to develop a Payment In Lieu of Taxes (PILOT) agreement. This agreement acknowledges the value of the City in the shared success of the WCD. The PILOT agreement outlines that beginning in 2025 the WCD will remit to the City of Milwaukee \$1 million for its first \$30 million in net income. Furthermore, for each additional \$10 million of net income above \$30 million in any fiscal year, WCD shall remit to the City an additional \$1 million.

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Additionally, the WCD will remit to the City fixed payments of \$250,000 in May 2022, \$500,000 in May 2023 and \$750,000 in May 2024.

Expansion:

Today our board voted to pass an important resolution supporting the expansion of the convention center, restructuring of existing debt, increasing the Milwaukee County hotel tax by one half of one percent and eliminating the tax applied to takeaway food not eaten in a restaurant or convenience store, affectionately referred to as the “candy bar” tax, that is scheduled to sunset in 2033. This approval was a major statement of support for the WCD and for the future of our spectacular city.

Before the vote I delivered a speech to the board that I would like to share with you. The board has seen our organization change in meaningful ways over the last two years and that is what gave them confidence to say yes today. Your everyday decisions to push us toward being bold, proud, and experience obsessed are being felt at all levels of our organization. While it was the board who needed to vote yes, I want to convey to you that your work MATTERS. Thank you for the work you do. I cannot wait to have everyone back in the office and celebrate together.

Why Now?

I understand too well that each of you, as business and civic leaders, have had your worlds turned upside down in the last few weeks so I know the value of your time here. As CEO of an organization built to bring people together I empathize completely with the sudden and extreme strain that COVID-19 has brought to us all. It has had me reflecting on what it means to be in a leadership position during times of uncertainty.

The weight of leadership means not just walking the line between business and social responsibility, but oftentimes defining that line. It bears repeating that the tendrils of the work that the WCD does reach deep into the Milwaukee marketplace. The business that comes through our facilities not only directly support the livelihoods of our 75 full time and 250 part time staff but the staff of Levy Restaurants, Conference Technologies Inc.. The livelihoods of everyone at VISIT Milwaukee. The livelihoods of the housekeepers, desk staff, sales teams and event planners at hotels. The livelihoods of the chefs, bartenders, wait staff, busboys, and managers of every restaurant in downtown and beyond.

And that’s just the direct reach. Indirectly the suppliers and services that every single one of these companies supports originates at the WCD. The livelihoods of the food and beverage wholesalers, uniform providers, office suppliers, airport staff, casino and theater employees, and more, ALL originate at the WCD.

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All of these people further contribute to the economy of the region. They all, WE all, buy groceries, put gas in our car, pay for child care, go out to eat, go to the movies and visit attractions. We buy clothes, toys, books and furniture. We pay rent or a mortgage.

A wise man once compared the hospitality and tourism business to a manufacturing company that makes a product and exports it out of the market. We are in the export business. People come into our city for meetings and conventions, the products they leave with are increased knowledge, networking with colleagues, sampling our hotels, restaurants and bars. That's the product they take away. What they leave behind is their money.

Our job is to bring conventions and their guests into the city of Milwaukee. It's important to fully see that our real work, is as the economic engine that powers the hospitality industry for our city and beyond. The meaning behind your work as a board member is defined in how can the WCD most meaningfully impact the people who are down the line from our work?

How far can we stretch those visitor dollars to bring the best possible outcome for the city we love?

In August you authorized my team and me to move ahead in the pre-construction work needed to fully develop the vision for the much-needed expansion of the Wisconsin Center. With guidance from the owner's reps at CAA ICON we successfully navigated multiple streams of major research and decision-making which resulted in the presentation you received on March 6th. Barely four weeks ago if you can imagine that.

What we offered up on March 6 was work that will transform the city we love into a not-to-be-missed destination. The expansion will still accomplish that. But I realize now that the expansion can and will be so much more. The expansion of the Wisconsin Center is execution-ready. It is the only project that I'm aware of in the entire state that is ready to activate as soon as the market shows a rebound and get people BACK.TO.WORK. The expansion will pump hundreds of millions of dollars into our local economy in wages, goods, services, and more. The expansion will provide over a hundred million dollars in construction wages over the course of the project. ONE HUNDRED MILLION DOLLARS in construction wages. The two years it will take to build the expansion will have its own unique reach into our community with jobs and money. To say nothing of where Milwaukee will be positioned in 2023 to welcome more groups, more frequently, more efficiently, keeping more dollars flowing through our economy. Meetings and conventions are essential to all businesses and organizations. For profit, not-for-profit and trade shows. These have demonstrated they come back stronger than ever after a down turn in the economy, crisis or disaster.

It's so easy right now to focus on what's happening right in front of us. COVID and its impact is terrifying. But as deep as the wound is right now there is no reason to believe our city, country, and citizens won't come out of it.

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Can we wait? Well, its certainly an option. An option that will prevent us from catching up to our competitors. An option that will limit our ability to attract more events, limit our ability to book more hotel room nights, limit our ability to support more bars and restaurants, ensure we don't become a not to be missed destination.

Yes actions need to be taken today to ensure our futures. But we also have a unique responsibility to provide the city of Milwaukee with a launch pad for growth success deep into the future. Just thinking about the prospects of what we have an opportunity to do makes me so proud to be part of this organization.

We will not move ahead unilaterally. Just as we have been transparent and forthcoming in every detail of this project to-date, a yes vote on the expansion will not give us carte blanche to do whatever we want when we want without oversight or involvement. But, it will give us the flexibility required to make sure that the expansion of the Wisconsin Center can indeed be the catalyst it was meant to be as the driving economic force for our city's recovery. Jobs; sustainability; economic impact; growth; community. We are ready to Build More.

This is why now.

Yes for our expansion.

Yes for our city.

Thank you for allowing me to lead the finance development, design and pre-construction teams the past eight months. They are an incredible group of talented individuals. I believe they can get the project done.

I believe in the WCD staff, and their ability to effectively and efficiently operate the expansion.

And I believe Visit Milwaukee is the right organization to market and sell the expansion to the meetings and conventions market place.

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