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Finance Committee
City of Madison

Re.: **$8 million investment in Breese Stevens Field**, **Legistar ID No. 82711**

Dear Commissioners:

I am writing to express my strong opposition to this proposal in its current form to invest $8 million in public funds for improvements to Breese Stevens Field, as detailed in Legistar ID No. 82711, agenda item 13. Before investing additional public funds in Breese Stevens Field, the finance committee and common council should refer this proposal to future meetings, and until such time that the city has:

1. A complete and thorough accounting of the revenue and expenses for the stadium, a long-term a long-term capital plan for the stadium, more detailed information on this proposal, and a non-partisan analysis of it.

2. Developed a policy on use of city property by for-profit enterprises that is open, transparent, and equitable, and that rental fees are based on the value to the user.

3. Created a special committee or task force who have the subject matter expertise in the management and operation of sports and music venues to assist with the development of policies on the use of city property by for-profit enterprises, how to value user agreements, and how to negotiate equitable user agreements that are a win-win for the city and users.

4. Utilized consultants, as appropriate, that are subject matter experts in sports and music venues to help equitably value and negotiate use agreements of this size.

5. Created a sinking fund for maintenance and improvements at Breese Stevens Field that is funded by a reasonable, and equitable user fee that is added to the cost of tickets.

Breese Stevens Field is a cherished community asset, and maintaining its vitality is essential. However, the current proposal raises significant concerns about financial transparency, the equitable use of public funds, and the benefit to private enterprises at the expense of taxpayers. The following points highlight the critical issues that need to be addressed.

Lack of Transparency and Comprehensive Proposal Details:

There is insufficient information available in the public record to make an informed decision. A proposal of this magnitude should include:

- A detailed needs analysis, plans, specifications, and cost estimates for the proposed work.

- A long-term capital plan, outlining future investments required for maintenance and capital improvements.

- A thorough and complete accounting of the investments made by the city and Big Top, including interest on general obligation borrowing, and the net revenue the city has actually received.

- A staff report that objectively analyzes both the pros and cons of this proposal.

Financial Implications and Equity:

- The city's investment of $8 million primarily benefits Big Top Sports and Frank Productions, private for-profit entities. These improvements, such as additional seating, locker rooms, concession stands, restrooms, a green room, and a permanent stage, are designed to increase their revenue.

- From 2015 to 2028, the net rental fee the city will receive, after adjustments for the actual number of concerts and improvements paid for by Big Top, is approximately $369,000, or $26,400 per year. This is far below the market rate for similar venues, indicating an inequitable deal. Notably, this is less than what a concert promoter would typically pay for a single concert at a similar venue.

- While Big Top has occupied Breese Stevens Field, including the installation of new AstroTurf in 2014, the city has invested $3.324 million in the stadium. An additional $8 million brings the total public investment to $11.324 million.

- After accounting for the public investment of $11.324 million, the city’s net rental fee (subsidy) for 2015 through 2028, which is the end of the initial term in the current agreement, will be -$10.955 million.

- These figures do not include the interest expense the city must pay on the general obligation borrowing for their investments, which will significantly increase the city’s subsidy.

- Parks division staff, some alders, and Big Top management claim the low rental fee is fair because “The stadium isn’t new.” This argument is irrelevant; the age of the stadium is not a factor in determining if the rental fee is equitable. For-profit enterprises must pay rental fees based on the value they receive for their use of city property.

- The argument that this deal saves the city money is a false choice. It is framed as a choice between a use agreement with Big Top or no use agreement at all, which would mean the city would pay the operating costs. Because there wasn’t a competitive process to award this long-term multi-million dollar contract, taxpayers were short-changed.

- The current 15-year agreement was negotiated privately behind closed doors by staff without competitive bidding, resulting in a deal easily worth tens of millions to Big Top and Frank Productions. This isn’t equitable, good business, or in the best interests of the city.

Policy and Community Impact:

- This investment and use agreement are contrary to the city's policy that our municipal golf courses be self-sustaining and generate revenue for the city's general fund. In 2024, the city's golf enterprise will generate about $200,000, about 5% of revenues for the general fund.

- Despite generating tens of millions in revenue from their use of the stadium, Big Top Sports and Frank Productions do not pay property taxes or a payment in lieu of taxes (PILOT) for their commercial use of the stadium.

- This proposal would use $2 million in TIF funds primarily for improvements to help a private for-profit business generate more revenue. At the same time, we have an affordable housing crisis. The $2 million in TIF money is best used to create much-needed affordable housing.

- The city will have a $27 million structural deficit in 2025, which will more than double to $60 million in 2029. Borrowing $2 million for these improvements, which will add to the deficit, isn't necessary when users can pay for it.

- A representative of Big Top claims they have invested $2.5 million in the stadium. This must be verified, as there is nothing in the public record that substantiates an investment of this size by Big Top.

- Capital improvements to the stadium that Big Top paid for were good investments intended to help them generate more revenue.

These steps are crucial to safeguard public funds, ensure the sustainability of Breese Stevens Field, and maintain the integrity of the city's financial decisions. I strongly urge the committee to defer this proposal until the above recommendations are implemented. Thank you for your time and consideration.

Sincerely,

Alex Saloutos