

**Continuous Effort Needed
to Make O'Donnell Park
the Lakefront Destination
it was Envisioned to Be**

October 2015

**Milwaukee County Office of the Comptroller
Audit Services Division**

**Scott B. Manske, CPA
Milwaukee County Comptroller**



Jerome J. Heer, Director of Audits

Audit Team

Jennifer Folliard
Diana Xiong
Dawnice M. Anglin

Review Team

Paul A. Grant, CPA
Jere A. Trudeau

Administrative Support

Cheryl A. Hosp



Office of the Comptroller
Audit Services Division

Milwaukee County

Jerome J. Heer

• Director of Audits

October 13, 2015

To the Honorable Chairman
of the Board of Supervisors
of the County of Milwaukee

On October 9, 2015, we issued an audit of O'Donnell Park titled, *Continuous Effort Needed to Make O'Donnell Park the Lakefront Destination it was Envisioned to Be*.

Subsequent to the release of the report, we received an inquiry regarding the number of the garage's total parking spaces. On pages 1, 7, and 44 of the report we referenced the number of spaces as 1,332. We had used this figure based on consultant studies, including a schematic of the garage, and the property's 2013 appraisal.

This morning, auditors from my office returned to O'Donnell Park to physically count the lot's parking spaces. The auditors found two areas of parking stalls that were marked on multiple levels of the garage schematic and were therefore double counted. As a result, the auditors counted 1,204 marked spaces in the facility. Please include this memo in the legislative file along with the audit.

Jerome J. Heer
Director of Audits

cc: Scott B. Manske, CPA, Milwaukee County Comptroller
Milwaukee County Board of Supervisors
Chris Abele, Milwaukee County Executive
John Dargle, Director, Department of Parks, Recreation & Culture
Teig Whaley-Smith, Director, Department of Administrative Services
Kelly Bablitch, Chief of Staff, County Board Staff
Steve Kreklow, Fiscal & Budget Administrator, DAS
Steve Cady, Research & Policy Director, Office of the Comptroller
Janelle Jensen, Office of the Milwaukee County Clerk

Report Title

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Summary

O'Donnell Park, located at the terminus of Wisconsin Avenue, consists of a public plaza with two pavilion structures atop a 1,332 space parking structure. The public plaza consists of a large open space at street-level, part of which is a grassy area referred to as the "South Garden" and a second level above the Promontory Pavilion (the smaller of the two pavilions), called the "North Garden."

O'Donnell Park is operated by the Department of Parks, Recreation and Culture (DPRC) as part of their Downtown Unit. DPRC staff manage operations of the parking structure. Commercial space in the Miller Brewing Company Pavilion is currently leased to the Betty Brinn Children's Museum and Zilli Hospitality Group (ZHG) for operation of the Coast Restaurant. ZHG also has an exclusive catering contract with the County for the Miller Room, a banquet hall on the southern side of the Miller Brewing Company Pavilion.

Formal planning for O'Donnell Park began in 1985. The project, then called Lake Terrace, was approved in principle by the Milwaukee County Board of Supervisors in December 1986 at an estimated cost of \$24.1 million.

What was envisioned as a showcase project became mired in controversy almost immediately. Included in O'Donnell's complex history are structural deficiencies and design defects, which were identified before the property was completed. On June 24, 2010, a 13 ton piece of cosmetic concrete fell onto three citizens as they left the O'Donnell Park parking structure. One was killed instantly; the other two were injured. The garage was subsequently closed from June 24, 2010 to June 28, 2011 for substantive repairs. Between 1985 and 1997, \$36,386,810 in capital funding was spent on O'Donnell Park for its initial design, construction, and structural repair. Since that time, an additional \$8.7 million in Capital funding has been put into the structure, including the \$6.3 million of funding put into the facility following the 2010 tragedy.

The physical state of O'Donnell Park is much improved in 2015, though areas of concern still remain.

On July 29, 2010, less than a week after the O'Donnell Park tragedy, a team of auditors from our office visited O'Donnell Park and photographed the physical condition of the property. The team found a property in significant disrepair with damaged and missing pipes, clogged drains, worn-out expansion joints, and signs of long-standing water damage throughout the garage.

In the year that followed the accident, over \$6 million was appropriated to fix the property. Yet, the perception that the structure is unsafe has lingered in the minds of some since the accident. Five years later, a second audit team from our office made frequent visits and physical observations of the property.

Our physical observations lead us to conclude that the property's condition is much improved from 2010. Specifically, the pipes in the garage, which were leaky and missing sections in 2010, have all since been repaired or replaced and wrapped to prevent further damage. The garage floor has been resurfaced and expansion joints where seals had loosened are now fixed. Further, with the major repairs following the accident and the site's potential sale, numerous engineers have been through the property, and documented its shortcomings. Any significant safety issues, foreseeable by careful inspection, should have been uncovered during those visits.

Formal maintenance and capital repair plans would help DPRC focus on preventive maintenance at O'Donnell.

According to site staff, regular maintenance tasks include: daily sweeping, hosing down the decks once a year, an annual fire alarm test, cleaning of exterior windows in the spring and fall, mowing, fertilizing, grass treatment, and maintenance of the flower beds. We asked whether a written maintenance plan was followed, and were told that it was not. Instead, work is done as needed and when staff is available. In our prior audit work, we've discussed how the infrastructure demands of the current Parks System as a whole have outpaced available resources.

Apart from work orders, our attempts to gather written documentation of regular maintenance activities were unsuccessful. We were told that Parks had been regular in bringing contractors in to perform inspections on the sheet pile wall, cathodic protection system, and for crack monitoring. However, when we requested copies of any reports, which resulted, we were referred to the Architecture, Engineering and Environmental Services Section and Parks Administration.

We met with DPRC maintenance and finance staff to understand Parks' work order processes and procedures. Internal forms are used to record work order requests, and data is entered into a Filemaker Pro database. The Filemaker Pro database DPRC uses to record and track its work orders is an out-of-date technology, which is not supported by the County's Information Management Services Division (IMSD). Milwaukee County is looking to roll out a standardized and centralized work order system, Cityworks, which is currently being used by the airport. It's unclear if and when the technology will be rolled out for Parks, which badly needs a work order system upgrade.

In 2014, as policymakers were contemplating the sale of O'Donnell Park, it became apparent that the facility needed another costly repair. Damage to O'Donnell Park's waterproofing membrane and drainage system had resulted in continued leaks, and the consequences of those leaks were seen in the parking garage. Estimates to fix the membrane ranged from \$1 million to \$4.5 million.

We were unable to get detailed schedules of O'Donnell Park's non-capital maintenance and repair for the years of our review from DPRC. We compiled what we believe to be repair and maintenance costs from Advantage, the County's financial system, which amounted to \$985,190 in non-capital maintenance spending from 2010 to 2014. Our observations indicate that despite the recent major capital investment at O'Donnell, continued funding is needed to fix lingering issues.

Modernization and technology upgrades are needed to maximize parking operations at O'Donnell Park.

O'Donnell Park contains a part two-story, part-three story covered parking structure. The structure is open to the public and offers both daily parking, and monthly parking passes.

There are currently approximately 1,000 monthly parkers with a waiting list of 165 individuals interested in purchasing a monthly pass as of mid-May 2015. According to data assembled by Parks staff based on work email addresses listed on applications, monthly parkers typically work in the U.S. Bank Tower, Ernst and Young Building or at Northwestern Mutual.

We asked DPRC to provide us with the monthly parking rates set from 2010-2014. We were told that the rate has held steady at \$100, apart from a few specials to entice parkers back following the garage's reopening. A 2013 appraisal analysis indicated the market would bear a monthly parking rate increase at O'Donnell of up to \$135. A subsequent 2014 parking study concurred with this analysis.

The challenge for DPRC is to structure parking to maximize revenue. O'Donnell Park site staff indicates that the County has the ability to make more money from daily parkers with the higher rates charged and the ability for the spots to turn over for multiple parkers in a given day. Yet, monthly parking, while given at a discounted rate, is also guaranteed revenue, whereas significant daily parking turnover may not materialize. We had hoped to perform an analysis of the daily and monthly parking revenues for O'Donnell. However, while site staff report that revenue is accounted for separately on deposit forms sent to Parks Administration, parking revenue is not recorded separately

in Advantage by Parks. This suggests that historical daily, monthly, and special events parking revenue data are not used to inform decision-making on the daily/monthly parking split.

Our observations of the technology utilized at O'Donnell versus other parking facilities indicates that despite the County's investment in an automated entry/exit gate system in 2007, Milwaukee County has not kept pace with parking technology, including the ticket booths, pre-pay parking options, and the site's computer systems. It's possible that an outside operator specializing in running parking operations could implement needed technology upgrades, and still yield similar net revenues for the County.

DPRC needs to better monitor threshold provisions in its O'Donnell Park space leases.

While the majority of O'Donnell Park's revenue is generated from parking operations, Milwaukee County also collects revenue from its two tenants, the Betty Brinn Children's Museum (BBCM) and Zilli Hospitality Group (ZHG), currently leasing space in the Miller Brewing Company Pavilion. The County has had long-term relationships with both tenants on-site, after experiencing struggles with prior relationships.

Milwaukee County's current long-term lease with BBCM for its space at O'Donnell Park extends to March 31, 2028. Their annual rental payment is structured with a base payment plus payments based on net revenues from third-party rental of the premises and annual attendance totals. BBCM has generally been compliant in reimbursing the County for its leased space at O'Donnell, with the exception of withheld rental payments following the 2010 accident at O'Donnell Park, and subsequent closure of the parking garage. The County and BBCM settled their disagreement over the withheld rent in November 2014. Milwaukee County garners very little revenue from the revenue sharing policies (third party rentals and attendance) established in BBCM's lease.

ZHG began working at O'Donnell in 2002 when they assumed a prior tenant's commercial lease for the restaurant onsite; later that year they entered into a separate exclusive catering agreement for the Miller Room banquet hall at O'Donnell Park. As their partnership with Milwaukee County continued to evolve, additional agreements, Memorandums of Understanding and amendments to the original agreement were entered into making it difficult to discern which contract provisions are current, and which have since been amended.

Based on their agreements with the County, ZHG remits quarterly payments for base rent for the 7,045 square feet of restaurant space they lease at O'Donnell. The restaurant lease also includes a

commission payment for sales over \$2.5 million, a threshold which according to both County officials and ZHG officials has never been reached. Catered food and beverage service in the Miller Room requires an 8% commission rate on sales, with a guaranteed minimum payment of \$24,000 a year. Our review of records provided by Parks staff showed that in the years 2010 through 2014, the 8% commission rate on ZHG's food and beverage sales did not exceed their \$24,000 minimum in any year.

As part of their agreements with the County, ZHG is to submit year-end sales and revenue statements for the Miller Room and audited financial statements for Coast. We asked several officials at DPRC in management, contract compliance, and budget, but no one was able to locate these reports.

A long-term commitment from the County could yield private investment at O'Donnell but even small, less costly changes would help reshape the Park.

During our field observations at O'Donnell Park, we noticed diseased trees, trees along Lincoln Memorial Drive blocking lake views on the terrace above, beds overgrown with weeds, and benches worn to the point that they are no longer inviting to sit on. However, despite the park's somewhat unkempt appearance, we also observed visitors using O'Donnell Park at each of our visits.

An increased focus on special events programming at O'Donnell may help draw additional visitors, but the site will likely always have challenges with weight limits and water issues. Both tenants currently leasing commercial space at O'Donnell indicated a willingness to invest in the site if they were given guarantees of both the site's long-term future and their future at O'Donnell. But even small, less-costly changes like improved signage, reliable pay station options in the garage, general upkeep and maintenance of the gardens and buildings would help spruce up the space.

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Background

O'Donnell Park, located at the terminus of Wisconsin Avenue, consists of a public plaza with two pavilion structures atop a 1,332 space parking structure. The larger of the two pavilions, the Miller Brewing Company Pavilion, is approximately 53,774 square feet, according to a recent property assessment. The smaller pavilion, the Promontory Pavilion, has restrooms and office space. The public plaza consists of a large open space at street-level, part of which is a grassy area referred to as the "South Garden" and a second level above the Promontory Pavilion, called the "North Garden." Multiple stair and elevator towers were built throughout the property, allowing visitors to travel between the park and garage levels.

Beneath the surface, a sheet-pile retaining wall was built along the south line of East Wisconsin Avenue and the east line of North Prospect Avenue, adjacent to the underground portion of the parking structure. The sheet pile wall retains the soils underlying the adjoining streets. The wall is subject to corrosion, given the contaminants in the groundwater behind the wall and lack of ventilation. A cathodic protection system (a technology used to protect metal surfaces) was installed to protect the soil side of the wall from corrosion.

O'Donnell Park is operated by the Department of Parks, Recreation and Culture (DPRC) as part of their Downtown Unit. DPRC staff manage operations of the parking structure. The garage is open daily for public parking (fees vary depending on length of stay and whether it's a weekend or weekday); monthly parking passes are also sold for \$100 per month. DPRC site staff also maintain the plaza, gardens, and public areas of the pavilion buildings. Commercial space in the Miller Brewing Company Pavilion is currently leased to the Betty Brinn Children's Museum and Zilli Hospitality Group (ZHG) for operation of the Coast Restaurant. ZHG also has an exclusive catering contract with the County for the Miller Room, a banquet hall on the southern side of the Miller Brewing Company Pavilion. ZHG staff use the office space in the Promontory Pavilion to meet with clients interested in renting out space in Coast and the Miller Room for private events. In September 2015, the County Board approved a 3-year extension to ZHG's contract with the County for their operations at O'Donnell Park.

Brief History

Formal planning for O'Donnell Park began in 1985 with a \$250,000 appropriation for planning and analysis of a 5 acre park on top of an 1,100 space parking facility (a 900 space surface parking lot

existed at the current site of O'Donnell Park at the time of the planning). The project, then called Lake Terrace, was approved in principle by the Milwaukee County Board of Supervisors in December 1986 at an estimated cost of \$24.1 million. Both the State of Wisconsin and the City of Milwaukee contributed to the project.

The projected cost of the project grew in the intervening years and a public fundraising campaign was initiated in an effort to freeze the public cost without scaling back on the project design. Construction of O'Donnell Park began in phases in 1989. In September 1989, the County Board passed a resolution renaming the project the William F. O'Donnell Park, in honor of the former County Executive.

What was envisioned as a showcase project became mired in controversy almost immediately. In 1992, prior to completion of the site, the Department of Audit published two audits of O'Donnell Park looking at the fundraising for the Park in April 1992 (*Milwaukee County O'Donnell Park Fundraising*) and at the site's construction in August 1992 (*O'Donnell Park Construction Audit*). Included in O'Donnell's complex history are structural deficiencies and design defects, which were identified before the property was completed. The County fired and sued the project's architect over the costly design flaws. As of June 1992, the estimated total project cost for O'Donnell Park was in excess of \$32 million, not including the cost for the aforementioned structural repairs.

On June 24, 2010, a 13 ton piece of cosmetic concrete fell onto three individuals as they left the O'Donnell Park parking structure. One was killed instantly; the other two were injured. The garage was subsequently closed from June 24, 2010 to June 28, 2011 for substantive repairs, including the removal of all the cosmetic concrete panels similar to the one that fell, in order to ensure the property was safe for use. Again, the County was involved in litigation. In October 2012, a jury trial was held where \$39 million in damages were awarded to the estate of the individual killed and those injured in the accident. According to a March 2015 letter prepared by Corporation Counsel for the County's outside auditors, the County was found to be 2% at fault and their portion of the verdict was approximately \$172,000, which was paid by the County's insurer. The County was also awarded a recovery of \$6 million against a defendant, a County contractor, for the County's costs to repair the facility and for lost revenue during its closure. An appeal was filed and is still pending at the time of this audit's publication. To date, the County has not received its \$6 million award.

The 2014 Adopted Budget established the O'Donnell Parking Structure Workgroup ("Workgroup") to *perform a cost-benefit analysis of the O'Donnell Parking structure to help policymakers determine a*

prudent course of action on the future of the facility. The Workgroup issued a report dated August 22, 2014, detailing their fiscal analysis (File No. 14-648); the Workgroup issued an addendum to that report further detailing the deed and City zoning restrictions associated with the property in December 2014.

The County Board rejected a proposal to sell O'Donnell Park to Northwestern Mutual for \$14 million, less a restoration credit of \$1.3 million in December 2014. A few months later, in April 2015, the County Board approved a resolution authorizing the County's Corporation Counsel to enter into initial discussions with the Milwaukee Art Museum (MAM) to explore the possibility of a sale or lease of O'Donnell Park and Parking Structure. In July 2015, MAM informed the County Board Committee on Parks, Recreation and Culture of their plan to make an offer to acquire the property from the County. At that time, MAM anticipated that they would submit a term sheet proposal to the County in September 2015.

Capital Expenditures

Between 1985 and 1997, \$36,386,810 in capital funding was spent on O'Donnell Park for its initial design, construction, and structural repair. Since that time, an additional \$8.7 million in Capital funding has been put into the structure, as depicted in Table 1 below. This amount includes the \$6.3 million of funding put into the facility following the 2010 tragedy.

**Table 1
Capital Dollars Invested at O'Donnell Park
1999-2014**

<u>Description</u>	<u>Amount</u>	<u>Year(s)</u>
O'Donnell Park Leak – Pavilion	\$79,525	1999-2001
O'Donnell Park Leak	\$10,222	1999-2002
O'Donnell Park Sheet Pile Wall Repair	\$1,256,076	1999-2004
O'Donnell Park Leak at Women's Room	\$54,132	2002-2003
O'Donnell Park Railing Coating	\$228,947	2002-2004
O'Donnell Park Railing – Phase II	\$202,583	2003-2004
O'Donnell Park Stairwell Repair	\$383,937	2004-2006
O'Donnell Parking Structure-Automated Gating System	\$143,850	2007
O'Donnell Cathodic/Structural Project	\$20,000	2007
O'Donnell Park Major Maintenance	\$54,225	2010
O'Donnell Parking Structure Evaluation (Consultants)	\$856,936	2011-2013
O'Donnell Parking Structure Repairs	\$1,464,121	2011, 2013
O'Donnell Parking Façade Restoration	\$3,993,942	2011-2012, 2014
Total	\$8,748,496	

Source: Advantage, Milwaukee County's Financial System.

In addition to the funding Milwaukee County invested in the facility, Miller Brewing Company Pavilion tenants also privately funded build-out of their spaces.

Audit Overview

Pursuant to File No. 15-120, in conducting this audit we reviewed O'Donnell Park's maintenance and operations, including both parking operations and lease management. We focused on the years 2010-2014. Our prior work (listed below) looked at aspects of O'Donnell operations in both 2006 and 2009:

- Audit of Milwaukee County Parks Facilities Leases (including O'Donnell Park leases), April 2006;
- Memo on the Request to Change Coast Restaurant from a Year-Round Walk-In Restaurant to a "Reservation Only" Facility, February 2009.

Further, following the accident in 2010, we examined the property prior to the infusion of capital funding. Our findings were documented in pictures, which provided us with a point of comparison for this audit. Our analysis of the current state of the property compared to 2010 is included in **Section 1** of this report.

We performed this audit in a changing policy landscape. During our audit, MAM announced their intention to make an offer to acquire the property. This report is structured with recommendations for the County in the event that the County maintains ownership of the property; however, if the property is ultimately sold, our recommendations will also assist any future owners of the facility.

Section 1: The physical state of O'Donnell Park is much improved in 2015, though areas of concern still remain.

In 2010, auditors from our office found O'Donnell Park to be in significant disrepair.

On July 29, 2010, less than a week after the O'Donnell Park tragedy, a team of auditors from the Milwaukee County Department of Audit visited O'Donnell Park and photographed the physical condition of the property. The team found a property in significant disrepair with damaged and missing pipes, clogged drains, worn-out expansion joints, and signs of long-standing water damage throughout the garage. The team took approximately sixty pictures that day, and two videos of streaming water.

In the year that followed the accident, over \$6 million was appropriated to fix the property. Yet, the perception that the structure is unsafe has lingered in the minds of some since the accident. Some have even gone so far as calling the property a "deathtrap."

Five years later, a second audit team from our office made frequent visits and physical observations of the property throughout the spring and summer of 2015. Again, photographs were taken on April 1st, June 4th, and June 24th.

We've included selected images from our visits in both 2010 and 2015 in the following pages to serve as examples of our team's observations. While the focus of the Audit team's 2010 visit was mainly the garage and plaza, in 2015, we also documented the state of the site's pavilion structures.

As part of our work, we toured the property with a representative from the Architecture, Engineering and Environmental Services Section (AE&E). The representative stated that in general, the property was holding up well since the 2011 repairs.

Our physical observations lead us to agree with AE&E, and conclude that the property's condition is much improved from 2010. Specifically, the pipes in the garage, which were leaky and missing sections in 2010, have all since been repaired or replaced and wrapped to prevent burrowing from animals. The garage floor has been resurfaced and expansion joints where seals had loosened are now fixed.

On the plaza level, hand rails on both the staircases and surrounding the park terrace have been replaced or repaired and are in generally good condition. That said, our images also illustrate the property's lingering water problems, with recurring leaks affecting both the garage and the buildings.

Numerous engineers have examined the property in recent years.

Overall, as stated by both officials in AE&E and the Department of Parks, Recreation, and Culture, with the major repairs following the accident and the site's potential sale, numerous engineers have been through the property in recent years, and documented its shortcomings. Any significant safety issues, foreseeable by careful inspection, should have been uncovered during those visits.

O'Donnell Park in June 2010



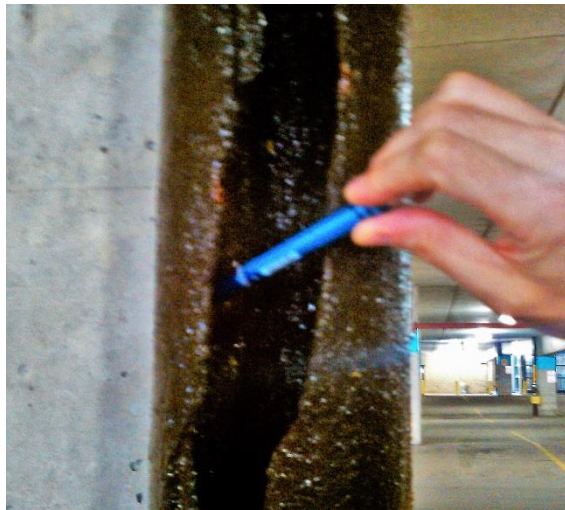
As seen from Lincoln Memorial Drive, shortly after the accident in 2010, O'Donnell Park still had its precast panels affixed to the structure.



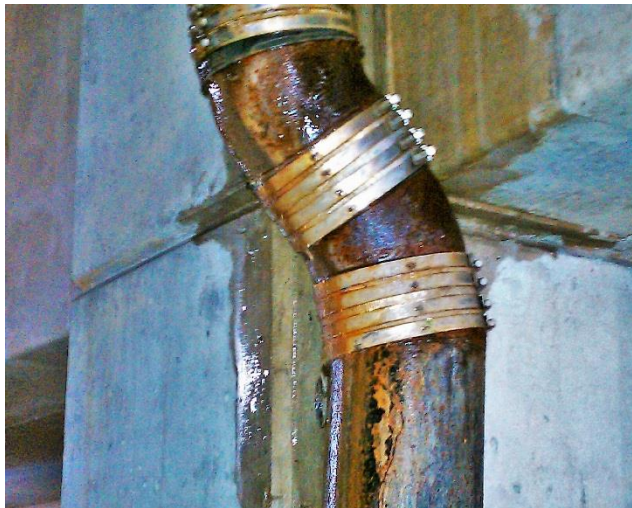
An expansion joint was so loose it could be physically lifted.



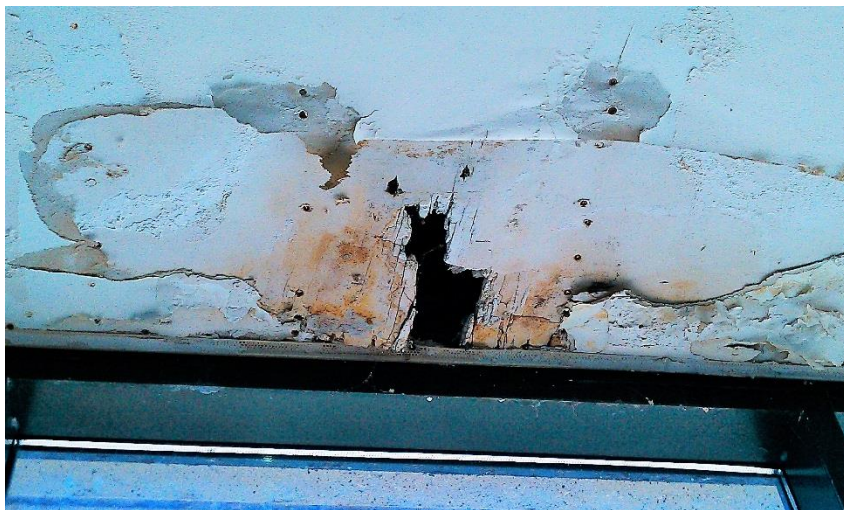
Pipes were disconnected and missing sections, which resulted in visible water damage.



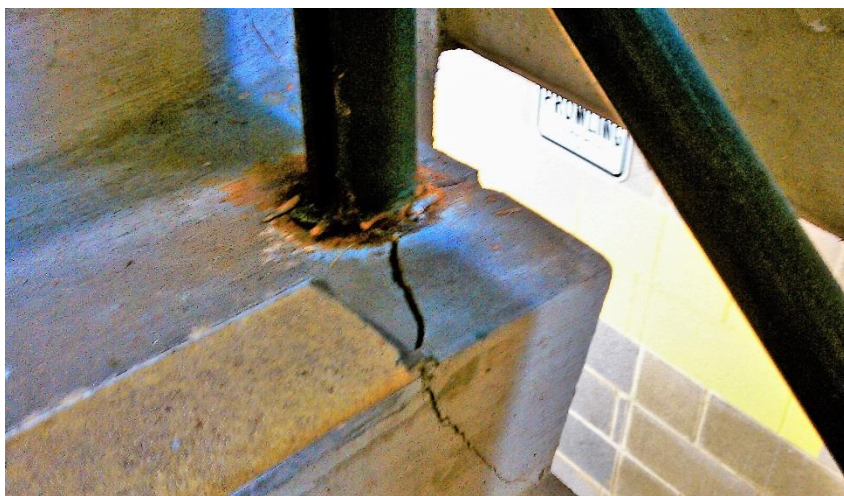
We observed pipes with large holes. The pen helps show the size and scale of the pipe's damage.



Leaking pipe, again, with visible water damage resulting.



Images show significant water damage in the facility.



Corroding metal on a stair railing affects the integrity of the stair it's connected to.



One of the property's ramps was missing a large portion of the hand-rail.



Another railing along the plaza was rusting out.



Shifting and expansion of the property left large gaps in the plaza level walkway, like the one shown above, which are potential tripping hazards.

O'Donnell Park in 2015



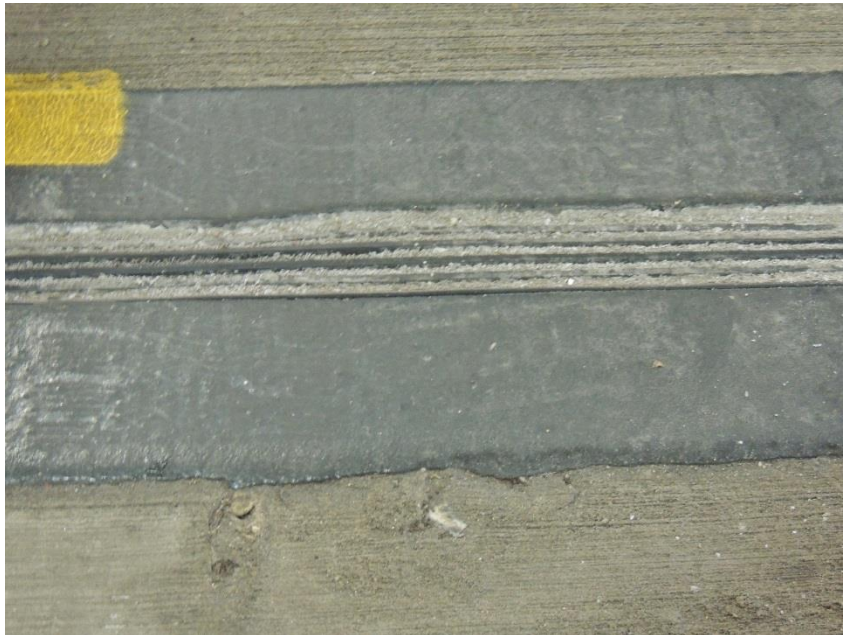
A view of O'Donnell in 2015 shows the property's stucco finish, which is wearing well, and the cable system put in place as part of the 2011 repairs.



Pipes throughout the garage have been wrapped to prevent squirrels from burrowing and damaging the pipes.



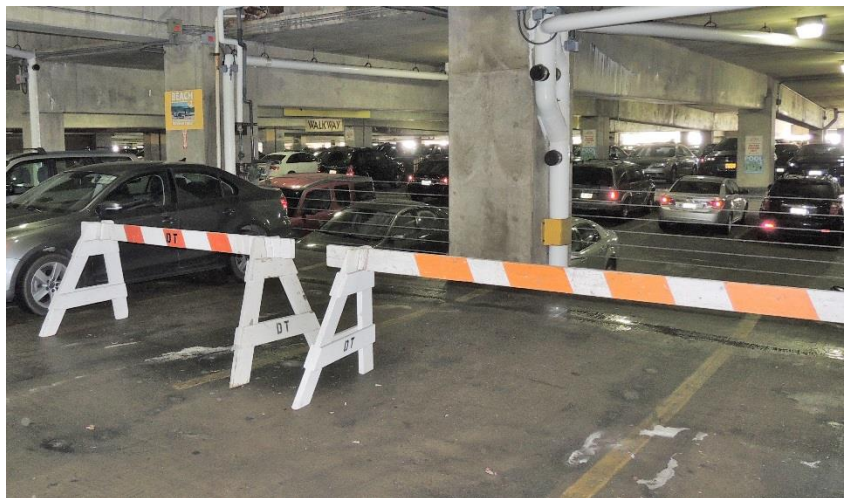
The garage deck surfaces are in good shape with prominent parking space striping.



Expansion joints throughout the garage were repaired or replaced in 2011, and remain in good shape.



We encountered a water leak at the base of one of the stairwells on our first visit to the property in 2015.



The property is still experiencing leaks in the garage, which resulted in staff blocking off a few spaces to protect patrons from exposing their cars to leaks, which could damage vehicles.



Issues with the spalled concrete in the garage's stairwells remain.



An unsightly and uninviting elevator on the property shows signs of wear.



Significant settling on the property has caused part of a ramp wall, leading to the Mason Street Bridge, to separate and sink.



Blocked drains throughout the property need to be cleaned out as part of a routine maintenance program.



Large gaps in the plaza level pavement walkway remain.



Parts of the O'Donnell Park Plaza are covered with decorative commemorative pavers, which were sold as a fundraiser for the Park's construction. Many of the pavers are worn to the point where the sponsors' names are no longer legible.



The railing, which was partially missing in 2010, is now fixed.



The railings along the plaza level are generally in good condition, though routine maintenance, including caulk that is pulling up, need to be addressed on a regular basis.



Wallpaper is peeling along a wall in the Miller Brewing Company Pavilion hallway leading to the atrium.



Upon closer examination, we observed that the wallpaper seam along the ceiling was being held up by thumbtacks and staples.



Zilli Hospitality Group (ZHG) representatives showed us a temporary fix for a leak above the patio outside the Miller Room. ZHG was concerned that the repair would be unsightly for clients who had rented the Miller Room for weddings. When renting the Miller Room, clients are also given access to the patio.



At a subsequent visit, we observed that the plywood had been painted, which helped it to blend better with its surroundings; however the end result was still not an aesthetically-pleasing permanent solution.



A ceiling tile is missing, and evidence of water damage surrounds it, outside ZHG's office in the Promontory Pavilion building. ZHG uses this office space to meet with clients interested in booking the O'Donnell Park rental venues. The adjacent restrooms have also experienced leaks from above.

Section 2: Formal maintenance and capital repair plans would help DPRC focus on preventive maintenance at O'Donnell.

O'Donnell Park is the physical headquarters of the Department of Parks, Recreation and Culture's (DPRC) Downtown Unit, made up of one Parks Operations Supervisor (commonly referred to by the title, "Unit Coordinator"), three Parks Operations In-Charges, and seasonal employees. In addition to O'Donnell Park, the Downtown Unit staff oversee operations at the Downtown Transit Center, and the following parks: Pompeii Square, Ziedler Union Square, Pere Marquette, Red Arrow, Cathedral Square, Juneau, Juneau Triangles, Burns Commons, Caesar's, Veterans, a portion of the Oak Leaf bike trail, and Lakeshore State Park under contract with the State. The Downtown Unit reports up to a Regional Manager, under the Chief of Operations.

Despite lack of a robust, site-specific maintenance plan, some regular monitoring is occurring, but routine maintenance work is done as needed and when staff is available.

The County received a useful life estimate for O'Donnell of 25 years in 2011, provided the County keeps up with routine maintenance.

In order to get an occupancy permit for the site after the major repairs, the City of Milwaukee required that the County get a useful life estimate for the facility. The County received a useful life estimate of 25 years in 2011. According to County staff working in the Architecture, Engineering and Environmental Services Section (AE&E), the estimated useful life provided to the County is contingent upon the County keeping up with routine maintenance. Further, specific components of the property have shorter useful lives. For example, the County should plan to replace the coating on the sheet pile wall every 10 years, the cathodic protection system for the sheet pile wall has a useful life of 15 years, as do the expansion joints.

We met with the Downtown Unit Coordinator, on multiple occasions to understand the property, its operations, and

Work at O'Donnell is done as needed and when staff is available.

maintenance. According to site staff, regular maintenance tasks include: daily sweeping, hosing down the decks once a year, an annual fire alarm test, cleaning of exterior windows in the spring and fall, mowing, fertilizing, grass treatment, and maintenance of the flower beds.

We asked whether a written maintenance plan was followed, and were told that it was not. Instead, work is done as needed and when staff is available.

AE&E mentioned that Graef, an engineering and design firm that has done a lot of work at O'Donnell under contract with the County, sent a customized maintenance plan over at AE&E's request, and that copies of that manual had been provided to both site staff and Parks Management. We followed up with site staff and did receive a copy of the manual, which site staff reported to be general in nature.

Upon review of Graef's suggested manual, we found a brief overview of suggested maintenance inspections specific to O'Donnell Park. Included in those recommendations were the following:

- Crack monitoring: Visual observations are to continue annually and crack monitors, installed at 19 locations on the post-tensioned beams of the structure, are to be read semiannually.
- Sheet-piling retaining wall: The wall should be visually inspected annually for corrosion. The cathodic protection system installed into the ground to protect the buried face of the wall should also be monitored on regular intervals (weekly checks to ensure the system is operational, monthly readings, and annual depolarization testing).
- Water leaks: Ongoing efforts to stop water leaks throughout the facility need to continue despite how difficult the park's original design makes this.
- Heat tracing of drain piping: Drain lines subject to freezing had heat tracing and insulation installed in 2007. This

system should be checked for proper operation every winter and at least monthly during the summer.

- Park load capacity: Vehicle and event equipment that can be placed on the park level is limited due to the structural system supporting the park. In general, vehicle size is limited to pick-up trucks or similarly sized vans.

The binder also included two copies of more general garage maintenance manuals. One was provided by the Precast/Prestressed Concrete Institute (PCI) and the other was provided by National Parking Association (NPA). Both contained suggested parking garage maintenance recommendations, and templates for entities to use to pull together customized maintenance plans and record logs.

Apart from work orders, our attempts to gather comprehensive written documentation of regular maintenance activities were unsuccessful.

Apart from work orders, which will be discussed later, our attempts to gather comprehensive written documentation of regular maintenance activities were unsuccessful. We were told that Parks had been regular in bringing contractors in to perform inspections on the sheet pile wall, cathodic protection system, and for crack monitoring. However, when we requested copies of any reports, which resulted, we were referred to AE&E and Parks Administration. AE&E was able to provide us with the following documents:

- O'Donnell Park Parking Structure Crack Monitoring Reports from Graef for the following dates:
 - December 20, 2012
 - October 31, 2013
 - November 27, 2013
 - August 20, 2014
- April 5, 2013: Cathodic Protection Maintenance Inspection—Sheet Pile Retaining Wall from CP Solutions, Inc.
- December 2014: O'Donnell Park Plaza Structural Evaluation from Graef.
- Though outside the scope of our report, we noted that CP Solutions was brought in again in early 2015 to check the cathodic protection system for the sheet piling wall.

The documentation provided by AE&E suggests that Parks performed crack monitoring annually in the years following the accident and subsequent major repairs. Graef's written reports also reference observations made during inspections in June 2011 and May 2013. Since we weren't provided with maintenance record logs, it's harder to discern whether maintenance on the site's cathodic protection system has kept pace with recommended intervals, but the reports we were given for maintenance in 2013 and 2015 suggest that it's not happening annually. Site staff stated that it is, but was not able to provide documentation supporting that effort. We did not find any documentation showing that the site's heat tracing and water leaks had been checked routinely.

In general, we find written documentation of procedures and records to be beneficial in providing clear direction, and to assist when staff turns over. Given the templates provided in the PCI and NPA maintenance guides, we don't believe it will be labor intensive for DPRC to produce a site-specific manual for O'Donnell Park.

Given O'Donnell Park's complicated history, we think it's important that maintenance records are kept organized and filed on site.

We also understand that it wouldn't be prudent to house maintenance records on-site at each building the Parks Department maintains. However, given O'Donnell Park's complicated history, we think it's important that maintenance records are kept organized and filed on-site to both ensure that work is being completed and to have historical documentation available for vendors coming in to perform inspections. Therefore, we recommend:

- 1. DPRC develop and implement a site-specific written maintenance program for O'Donnell Park, and keep a comprehensive maintenance file on site with detailed record logs and inspection reports.*

Parks is utilizing a database, unsupported by the County's Information Management Services Division, to track work orders.

The Filemaker Pro database DPRC uses to track its work orders is out-of-date and not supported by IMSD.

We met with DPRC maintenance and finance staff to understand Parks' work order processes and procedures. When an issue beyond what can be taken care of by site staff is identified, a work order request is submitted to Parks Maintenance, which operates out of a building on 68th and State Street.

Internal forms are used to record work order requests, and data is entered into a Filemaker Pro database. Paper print-outs from the database summarizing the work orders are placed in the mailboxes of the appropriate Parks Maintenance Foremen for action. Trades Foremen make decisions on the priority of work orders received in deciding where to direct their staff. Schedules of where Parks Maintenance staff will be are distributed to management daily; reports showing completed work orders are circulated biweekly.

We reviewed Parks Maintenance work order records for O'Donnell Park for 2010-2014. In our review, we found repeated work order descriptions for leaks/plumbing issues, heating and cooling issues, problems with lights, and doors, including accessible entry access. Work order tracking includes both the date a work order was reported and the date that the work order was closed. Over the years, a significant number of work orders for O'Donnell have close dates more than two weeks out from when the item was first reported, and several show no close date.

In addition, the Filemaker Pro database DPRC uses to record and track its work orders is an out-of-date technology, which is not supported by the County's Information Management Services Division (IMSD). DPRC staff using the system report that the database has crashed on multiple occasions, and that paper records are kept for five years as a back-up in the event that data is lost.

Milwaukee County is looking to roll out a standardized and centralized work order system, Cityworks, which is currently being used by the airport. Our discussions with IMSD indicate that the new software could interface with the County's current asset-management software, VFA. The Cityworks project is set to roll out to County departments gradually, and IMSD acknowledges that it will take years for the system to be robust. It's unclear if and when the technology will be rolled out for Parks, which badly needs a work order system upgrade. Moving forward, we recommend that:

2. *DPRC work to revamp procedures to track and manage Parks Maintenance work orders and work closely with IMSD pending the County's implementation of Cityworks.*

Differences in Milwaukee County and Northwestern Mutual's repair cost estimates appear to be a matter of project scope.

Less than two months after the garage reopened in 2011, damage to O'Donnell Park's waterproofing membrane and drainage system was discovered.

In 2014, as policymakers were contemplating the sale of O'Donnell Park, it became apparent that the facility needed another costly repair. Damage to O'Donnell Park's waterproofing membrane and drainage system had resulted in continued leaks, and the consequences of those leaks were seen in the parking garage. In August 2011, Graef estimated that needed repairs could cost over \$1 million. The estimate was provided less than two months after the garage had reopened.

With pending interest in purchasing O'Donnell Park, the Milwaukee headquartered company, Northwestern Mutual (NM), hired Walker Restoration Consultants to prepare a "due diligence report" of the O'Donnell Park Parking Structure. The report provided by Walker Restoration was attached to the legislative file contemplating the sale (File No. 14-837), and is dated March 2, 2012.

Walker Restoration found the parking structure to be "generally in good condition" with minor deterioration noted throughout the structure. However, their estimate for replacing the waterproofing

and drainage system on the plaza came to more than \$4.5 million. The \$4.5 million was part of a nearly \$6.6 million estimate the firm believed should be invested into O'Donnell in year one of a 10 year repair and maintenance plan. As shown in Table 2, total costs for the 10 year period came to \$7.6 million.

Table 2 Walker Restoration's 10-Year Repair and Maintenance Schedule for O'Donnell Park	
Year of Needed Repair	Cost Estimate
Year 0 (Immediate)	\$8,000
Year 1	\$6,587,000
Year 3	\$301,000
Year 6	\$259,000
Year 7	\$325,000
Year 9	\$163,000
Total	\$7,643,000

Source: Report attached to County Board Legislative File No. 14-837.

The report also contained the following observations related to the property:

- Regular maintenance and repair issues for the garage include waterproofing of the garage (sealants, expansion joints, etc.) and painting and upkeep of metal throughout the garage (bumper protection plates and drain covers).
- The cracks throughout the structure do not pose a concern at this time, but may need structural repairs if they widen in the future.
- Metal railing bases in the stair towers are corroding resulting in numerous corner spalls on the concrete stairs.
- The plaza is in "fair condition, with a number of items required to renovate the area."

We met with AE&E to get a better understanding of the needed repairs to O'Donnell's waterproofing membrane, given the difference of more than \$3 million between the two estimates. According to AE&E, the main problem can be summarized as

O'Donnell Park was built without access points to maintain the waterproofing and drainage system.

follows: water is not getting to the drains, and what does get to the drains isn't draining into the drains freely. The pooled water leaks through the damaged existing waterproofing membrane. The difference in the estimates is a matter of scope—Walker Restoration seeks to replace a greater surface area whereas Graef's estimate targets a specific area.

O'Donnell Park was built without access points to maintain the waterproofing and drainage system. In order to access the system, portions of the plaza's concrete need to be removed and later replaced. During our tour of the plaza with AE&E, we observed patches of concrete, which were newer than the concrete. We were told that Graef had dug into the plaza during the 2011 repairs to observe what was happening with the waterproofing system that was resulting in the leaks. Their observations of the dug in area formed the basis for their repair cost estimate.

According to the Director of AE&E, Walker Restoration's project scope would be the ideal repair.

If Milwaukee County continues to own and operate O'Donnell Park, more work needs to be done to determine an appropriate annual maintenance program and necessary capital investments.

DPRC does not have a 10-year maintenance estimate for O'Donnell Park, similar to the one prepared by Walker Restoration for NM. Historically, spending on maintenance and repair for work performed at O'Donnell falls into three categories: capital improvements, work order maintenance, which is typically performed by the Parks Maintenance staff and charged to O'Donnell Park, and purchased maintenance provided by contractors.

Capital funding at O'Donnell was discussed in the Background Section of this report. In summary, nearly \$8.7 million in capital

funding has been put into the facility between 1999 and 2014, following the County's original investment of more than \$36 million.

Work order and private contractor maintenance are typically paid for in Parks' operating budget. We were unable to get detailed schedules of O'Donnell Park's non-capital maintenance and repair for the years of our review from DPRC. We compiled what we believe to be repair and maintenance costs from Advantage, the County's financial system, for 2010-2014. Those costs are shown in Table 3.

In compiling the cost, we realize that supplies are needed for general upkeep and repair of a facility. We did not include commodities in our costs since it would be difficult to break out supply costs associated solely with O'Donnell and not shared with the rest of the Downtown Unit. As a result, our cost estimate is conservative.

Table 3
O'Donnell Park Maintenance Cost Comparison

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>5-Year Totals</u>
Snow, Ice, and Fire Protection Fees	\$5,099	\$8,962	\$1,077	\$1,070	\$1,088	\$17,296
Repair and Maintenance	\$49,881	\$63,962	\$56,325	\$83,010	\$98,732	\$351,910
Other Capital Outlay	\$5,264	\$3,320	\$20,864	\$2,600	\$56,710	\$88,758
Maintenance Services Crosscharges	\$101,690	\$132,488	\$52,679	\$116,580	\$123,789	\$527,226
Total by Year	\$161,934	\$208,732	\$130,945	\$203,260	\$280,319	\$985,190

Source: Advantage, Milwaukee County's Financial System

The categories of spending included above are summarized below:

- Snow, Ice, and Fire Protection Fees: charges paid to the City of Milwaukee for snow and ice removal and fire protection.
- Repair and Maintenance: includes the following repair and maintenance accounts—building and structures; grounds; machinery, tools and equipment; computer equipment; office equipment; safety; and other repair and maintenance.
- Other Capital Outlay (considered an expense): includes charges that aren't capital expenditures and do not fall into major maintenance accounts that do not add value to the building or prolong its life or for land improvements.
- Maintenance Services Crosscharges: crosscharges for maintenance-type services mostly performed by the DPRC.

As expected, over the course of the years we reviewed, repair and maintenance costs varied. We followed up with Parks' Management to better understand the increased snow, ice and fire protection fees tallied in 2010 and 2011. We were told that the increased costs were associated with the replacement of fire protection equipment and fire door repairs.

Based on detail entered into Advantage, it appears that the 2012 and 2014 cost spikes in the Other Capital Outlay (expense) category are the result of major repairs. In 2014, more than \$48,000 in funding was paid to a vendor, Arteaga Construction, Inc. According to DPRC Chief of Planning and Development, Arteaga was brought in to replace the compressors in the chiller in order to get it back online.

In **Section 1** of this report, we concluded that the O'Donnell Park of 2015 is much improved over the O'Donnell Park of 2010, but still needs additional attention. We'll touch on some specific updates that are needed in the sections that follow. All of this suggests that the annual investment for maintenance and repair has not been enough to keep up with O'Donnell Park's needs.

We met briefly with DPRC Mechanical Service Manager, to discuss what additional investments would be needed if Milwaukee County continues to own and operate O'Donnell. We were provided with the following list of pending major maintenance at O'Donnell. This list is in addition to the issues with the waterproofing membrane detailed at the start of this Section.

Additional investments at O'Donnell are needed if the County continues to own and operate the property.

- Issues with storm drains and heat tracing;
- The fire doors need to be replaced and should have a controlled release feature (*according to Parks, this was scheduled to be addressed in early September*);
- Maintenance for the sheet piling retaining wall and cathodic protection system is ongoing;
- The chiller will need to be replace soon;
- The emergency generator is inspected annually and recently had a significant repair, it's run every 30-60 days and a log of test results is kept;
- Some controls supporting the HVAC are no longer supported and will need to be updated.

DPRC's 5-year Capital Improvement Plan submitted in 2014 (for the years 2015-2019) included a \$150,000 recommended appropriation in 2015 for a new chiller, and a \$200,000 appropriation in 2019 for O'Donnell Park waterproofing. Those appropriations were not included in the 2015 Adopted Capital Budget, and were also not included in the 5-year Capital Improvement Plan DPRC submitted in 2015 for the years 2016-2020. According to the DPRC Director, the items weren't included in capital plans due to the anticipated sale of the property.

Further, when policymakers decided to move forward with the stucco finish design at O'Donnell Park, the proposal indicated that the cement-based finish was warranted for five years and would require approximately \$100,000 to \$150,000 of cash financed major maintenance every five years to recoat, repair and repaint the cement-based finish. The Director of Audits weighed in on the

maintenance costs associated with the O'Donnell Park Parking Structure in a May 1, 2012, memo issued jointly with County Board staff (File No. 12-401). Those costs will also need to be factored in to O'Donnell Park's upkeep.

Based on the list of needed repairs, we conclude that despite the recent major capital investment at O'Donnell, continued funding is needed to fix lingering issues. Therefore, we recommend that:

3. *DPRC analyze prior spending and known needed repairs in order to establish a 10-year maintenance and capital schedule and budget for the facility.*

Section 3: Modernization and technology upgrades are needed to maximize parking operations at O'Donnell Park.

Long-term full-time and seasonal Parks staff run parking operations at O'Donnell Park.

O'Donnell Park contains a part two-story, part-three story covered parking structure with 1,332 total parking spaces. The parking space count is inclusive of spaces for individuals with disabilities, spaces set-aside for Milwaukee County vehicles, and spaces for O'Donnell Park's two tenants, the Betty Brinn Children's Museum and Zilli Hospitality Group. The structure is open to the public and offers both daily parking, and monthly parking passes at a discounted rate, as described in Table 4 below.

Table 4
O'Donnell Park Parking Fees

<u>Monday – Friday</u>	<u>Fee</u>
	(Price listed includes sales tax)
1 st Half Hour	\$2
0.5 – 1 Hour	\$3
1 – 1.5 Hours	\$4
1.5 – 2 Hours	\$5
2 – 2.5 Hours	\$6
2.5 – 3 Hours	\$7
3 – 10 Hours	\$8
In after 5 p.m. (per visit)	\$6
Lost Ticket	\$15
Saturday or Sunday (per visit)	\$8
Monthly Parking Permit	\$100
Special Events	Price as posted at O'Donnell

Source: Department of Parks, Recreation & Culture website.

O'Donnell Park is staffed from 6 a.m. to 10 p.m. daily. Parks management reports that the staff working at O'Donnell have had long-term assignments to the site. The long-term seasonal employee who handles parking office operations has been at O'Donnell since it was a surface lot.

Although Audit Services was not provided with a written policy and procedures manual laying out site operations, site staff walked us through parking operations and explained regular tasks.

O'Donnell Park's parking booths are automated and have a call button for help, which goes to a staff cell phone. When called, Parks employees can provide instructions over the phone and/or remotely open the gate to let the patron out without paying, if necessary. One gate is left open at night when the site is not staffed so parkers have the ability to exit without damaging the gate in the event of a mechanical failure with one of the exit booths.

Parking is marketed on DPRC's website, which includes a PDF of the monthly parking application. Applications are also available at the O'Donnell Park parking office, located just north of the Michigan Street entrance. The application requests basic customer information (including name, home address, business/employer, business address, email address and phone numbers), vehicle information and payment method. There is a sign off on the application authorizing Milwaukee County to charge the monthly parking agreement amount to the credit/debit card listed until the agreement is canceled.

Monthly parking is non-reserved and not guaranteed, although efforts are made to accommodate monthly parkers.

The monthly parking application outlines the rules governing the monthly parking privileges. Parking is non-reserved and DPRC does not guarantee the availability of a space every day, although every effort is made to accommodate monthly parkers. Milwaukee County collects a \$20 deposit from monthly parkers for the garage

access card, which parkers swipe upon entering and exiting the facility. Both the application and signage in the garage state that the County is not responsible for any loss or damage to a vehicle or personal property when it is left in the garage.

As of mid-May 2015, a wait list of 165 people rushed to purchase monthly parking passes at O'Donnell.

There are currently approximately 1,000 monthly parkers with a waiting list of 165 individuals interested in purchasing a monthly pass as of mid-May 2015. According to data assembled by Parks staff based on work email addresses listed on applications, monthly parkers typically work in the U.S. Bank Tower, Ernst and Young Building or at Northwestern Mutual. The top six area employers for O'Donnell monthly parkers are included in the table below.

Table 5
O'Donnell Park Monthly Parkers by Employer – February 2015

<u>Area Employer</u>	<u>Number of Parkers</u>
Ernst & Young	247
U.S. Bank	164
Roundy's	126
Northwestern Mutual	119
Ambius	56
Foley & Lardner	28

Note: Only employers with more than ten parkers at O'Donnell park are shown.

Source: O'Donnell Park site staff.

Milwaukee County also bills seven local employers who pay for their employees' monthly parking at O'Donnell. Included in that list is the Milwaukee Art Museum (MAM), which is currently under contract with the County for use of 50 unreserved monthly parking spots for its employees. The County entered into a temporary parking agreement with MAM in September 2014 (MAM is also currently renting space from the County in the Harbor Lights Room of the Transit Center for their staff relocated due to construction). MAM pays the County a discounted rate of \$80 per month or \$4,000 a month for its spaces. Site staff also report an increase in

construction workers working on projects in the area purchasing monthly passes at O'Donnell.

Recent studies indicate that the market would support an increase in the monthly parking rate.

We asked DPRC to provide us with the monthly parking rates set from 2010-2014. We were told that the rate has held steady at \$100, apart from a few specials to entice parkers back following the garage's reopening, which are included below:

The monthly parking rate at O'Donnell has held steady at \$100, with the exception of a few specials to entice people back after it reopened in 2011.

- 2011: \$69 if 6 months were paid up front or \$70 per month if 4 months were paid up front;
- 2012: \$75 per month if the entire year was paid up front (\$900 per year); and
- 2013 and 2014: \$83.33 per month if the entire year is paid up front (\$1,000 a year).

In 2010, the City of Milwaukee updated their Plan for the City of Milwaukee's Downtown. As part of that effort, a parking study was conducted to help the City better understand existing parking supply and demand characteristics in order to make policy decisions. The study split downtown Milwaukee into various parking districts, including District D, which they referred to as the Lakefront District. District D includes O'Donnell Park.

We believe that formal parking studies, conducted by professional firms specializing in analyzing parking trends and pricing can help inform decision-making. That said, in areas experiencing changing development like the Lakefront District, site of the potential Lakefront Gateway Plaza project, the shelf-life of parking studies is rather short-lived so they need to be updated frequently.

In 2014, Desman Associates was hired by the Milwaukee County Department of Economic Development to update the 2010 City of Milwaukee Parking Study for District D. The study focused on whether O'Donnell Park has adequate parking for Northwestern

Mutual (at the time of its publication, the County was contemplating the sale of O'Donnell to Northwestern Mutual). Desman Associates was paid \$11,500 to perform this work.

Incidentally, Desman Associates is a division of Desman, Inc., which was involved in the building of O'Donnell Park as a structural engineering contractor working under the former Miller, Meier, Kenyon, Cooper Architects and Engineers, Inc., who had designed O'Donnell Park. The County filed a lawsuit against Miller, Meier, Kenyon, Cooper Architects and Engineers, Inc., Desman, Inc., and Strass-Maguire and Associates, Inc. over the site's costly design flaws. The lawsuit alleged that the aforementioned parties were responsible for the damages suffered by Milwaukee County at O'Donnell Park. Milwaukee County settled a lawsuit with Desman, Inc. in 1994 [File No. 93-229 (a)(c)]. Desman, Inc.'s insurance provider paid the County \$925,000, and the County released Desman from further liability in the case and dropped all claims against the firm asserted in the litigation.

A recent appraisal indicated the market would bear a monthly parking rate increase of up to \$135 at O'Donnell.

According to the 2014 report, Desman Associates believes an increase in parking rates is achievable. The report concurs with statements made in a 2013 appraisal by the Nicholson Group. As stated in the O'Donnell Park Workgroup's report, the Nicholson Group took an income capitalization approach to estimate the value of O'Donnell Park. In doing so, they forecasted the income and expenses of O'Donnell using historical operating data and market trends. Their analysis indicated the market would bear a monthly parking rate increase up to \$135. At the time the Nicholson Group's report was published, O'Donnell's monthly permit holders had reached a high of 866 per month.

We performed internet research to verify that the monthly rates listed for comparable parking garages in Desman Associates' report have not changed significantly since the report's

O'Donnell's monthly parking rate remains lower than all of its competitors listed in a recent parking study.

publication. We found that the prices listed in their report, which ranged from a high of \$150 for an unreserved monthly spot (\$185 was the high point for reserved spot) and a low of \$120, have generally remained the same. Some of the prices have increased in the last year—the low point for non-reserved spots nearby is now up to \$125 a month. O'Donnell Park's current monthly rate of \$100 remains lower than all of the competitors listed in Desman's report. We believe the existence of a waiting list shows healthy demand for monthly parking at O'Donnell. According to Parks, the demand, which for the first time has resulted in a waiting list at O'Donnell, has historically not warranted price increases.

Based on the findings of recent reports, and pending development in the Lakefront District, we recommend that:

4. *DPRC consider implementing a price increase for monthly parkers. In doing so, Parks should track, record and analyze customer behavior following the increase to help inform future decision-making.*
5. *DPRC update parking demand studies regularly to stay current on market conditions.*

Parking revenue has increased since the garage's partial year closures in 2010 and 2011, despite lack of major rate changes.

Parking sales at O'Donnell Park are a major revenue-generator for DPRC. In looking at O'Donnell's Park's revenue, we isolated revenue for parking fees, and parking card deposits. We also included deductions for sales tax collected on parking fees as those are paid primarily to the State. Parking revenue for 2010-2014 is summarized in Table 6.

Table 6
O'Donnell Park Parking Revenue
2010 – 2014

<u>Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Parking Fees	\$823,050	\$674,396	\$1,366,266	\$1,398,801	\$1,691,093
Sales Tax	\$ (3,916)	\$ (8,880)	\$ (9,261)	\$ (9,759)	\$ (9,042)
Parking Card Deposits	\$ (10,380)	\$11,200	\$560	\$2,640	\$5,680
	\$808,754	\$676,716	\$1,357,565	\$1,391,682	\$1,687,731

Note: We are including parking card deposits as revenue in this instance since that is how it is recorded in the County's Financial System; however, barring damage to the parking card, the deposits are returned to customers when they discontinue use of the garage and return their monthly pass.

Source: Advantage, Milwaukee County's Financial System.

Due to the accident on June 24, 2010, the parking garage was only open for 6 months in both 2010 and 2011, which explains the lower revenue figures for those years. Revenue has increased in subsequent years, with a significant increase in 2014.

A breakdown of O'Donnell Park's current rates is included at the beginning of this Section. The challenge for DPRC is to structure parking to maximize revenue. O'Donnell Park site staff indicates that the County has the ability to make more money from daily parkers with the higher rates charged and the ability for the spots to turn over for multiple parkers in a given day. Yet, monthly parking, while given at a discounted rate, is also guaranteed revenue, whereas significant daily parking turnover may not materialize. The DPRC also reserves the right to set special events rates.

Given the staff at O'Donnell Park's long tenure at the site, Parks management has stated that they have a "feel" for running parking operations there. That includes helping to make decisions on how many spots to set aside for monthly parkers and when to close the garage to daily parkers on busy days to ensure enough spots

remain for monthly parkers who may be arriving late or returning from lunch.

Historically, DPRC sought to utilize 600-650 spots for monthly parkers, leaving the balance for daily parkers. Parks management indicates that an effort was made not to oversell monthly permits during Summerfest where over \$200,000 in special events revenue can be made if enough daily spots are available. However, as shown in the table below, Parks changed their approach to selling monthly parking permits in 2014, when an effort was made to increase sales.

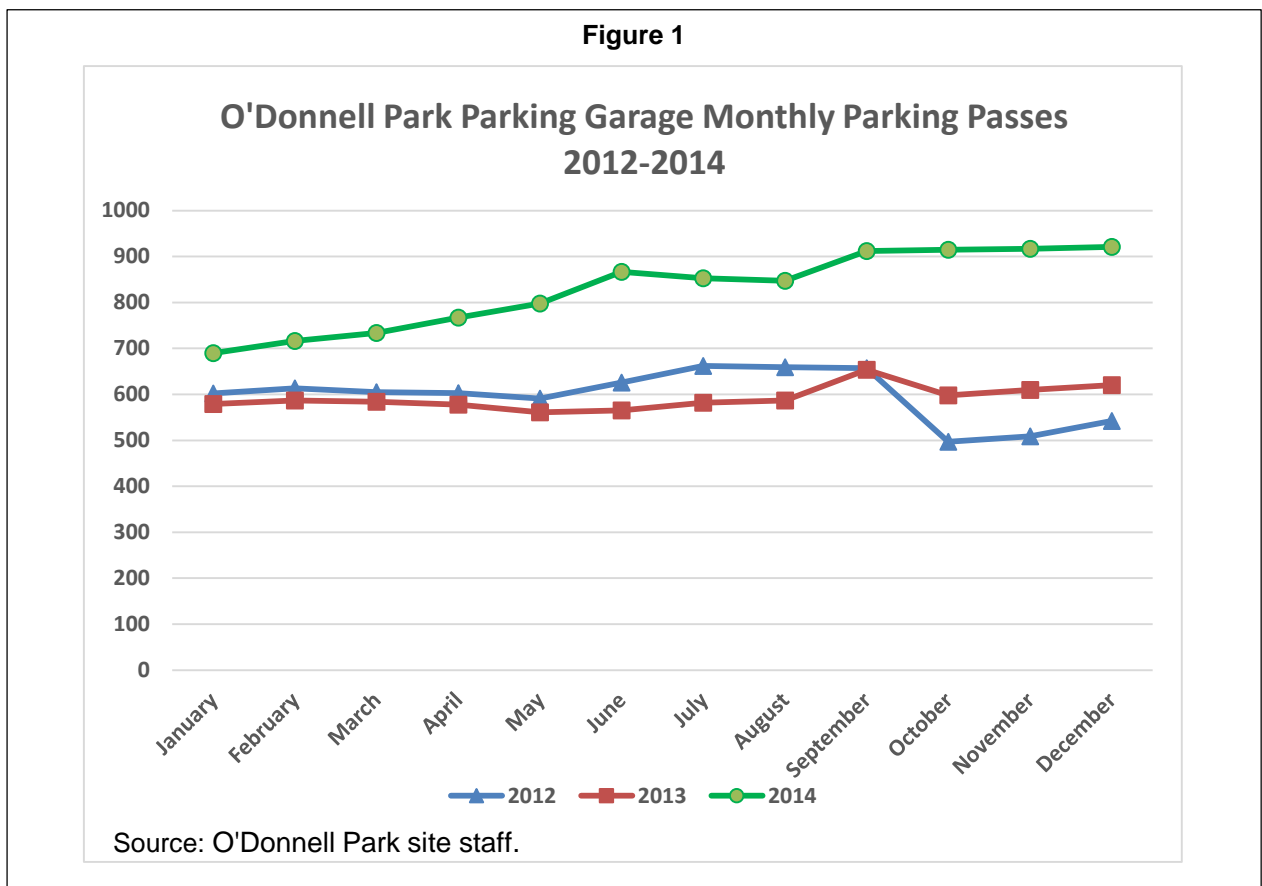
Table 7
Monthly Parkers at O'Donnell Park
2010 – 2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
January	649	Closed	602	579	690
February	627	Closed	613	587	716
March	620	Closed	605	584	734
April	595	Closed	603	578	767
May	574	Closed	591	561	798
June	589	Closed	626	565	867
July	288*	40	662	582	853
August	251*	107	659	587	847
September	220*	140	657	654	912
October	Closed	186	497	598	915
November	Closed	265	509	610	917
December	Closed	507	542	620	921

* In July-September 2010, individuals with monthly parking passes were allowed to park on the grass at Veteran's Park following the closure of the O'Donnell Park garage.

Source: O'Donnell Park site staff.

For comparison purposes, monthly parking pass sales for the years 2012 through 2014 are shown in Figure 1. We are not displaying 2010 and 2011 information since those were partial years of operation. The years 2012 and 2013 follow similar trend lines. In 2014, monthly parking permits grew steadily, with the exception of small losses in July and August. The Unit Coordinator on-site stated that he'd recommend a ceiling of 1,000 monthly parkers to ensure adequate space for daily parkers.



On multiple occasions throughout the year, DPRC closes off the garage to regular daily parkers and institutes a special events parking fee (monthly parkers are still able to use their passes during special events). Table 8 summarizes special event parking utilized in 2010-2014.

Table 8
Special Events Parking Price Points
2010–2014

Special Events					
<u>Rate</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$5	0	0	6	6	5
\$8	2	2	2	0	0
\$10	6	15	14	16	15
\$15	0	2	5	5	2
\$20	0	1	1	1	1
Total	8	20	28	28	23

Source: O'Donnell Park site staff.

The \$5 rate is generally considered a discounted rate (\$5 is the weekday rate for 1.5 to 2 hours; after 5 p.m. weekday parking is \$6 and weekend parking is \$8). The \$20 rate is the highest rate set, and was only used on July 3rd for the annual fireworks on the lakefront. Daily festival parking is generally set at \$10 (including Summerfest weekdays), and is raised to \$15 for Fridays and Saturdays of Summerfest. Special event rates for races were set in the \$8-\$10 range in 2010-2012, but were reduced to \$5 in 2013 and 2014.

Improved revenue tracking is needed to help the Department of Parks, Recreation and Culture utilize data for decision-making.

Steady or increasing revenue can indicate a well-run operation. However, a deeper analysis of the revenue drivers, in this case daily, monthly, and special event parking fees, can help establish appropriate targets, fees, and marketing plans. For example, Desman and Associates indicated in their report that, “typically, information regarding length of stay for parkers is analyzed so that incremental increases in parking can be implemented that have the highest return to the owner.”

Daily and monthly parking revenue is not recorded separately in the County's financial system by Parks.

While we were able to gather background data on O'Donnell's monthly parkers, we were unable to evaluate data on the garage's daily parkers. We were told from the on-set of our work on-site that very little is known about O'Donnell's daily parkers, apart from those who use the facility for special events. Based on Art Museum stickers left in the stairwells and discounted passes for Betty Brinn Children's Museum visitors (to be discussed in detail in the next section), it's likely that many of the daily parkers use both museum facilities. In response to our request for the number of daily parkers who had used O'Donnell Park from 2010 to 2014, site staff was only able to pull the number of daily transactions from December 31, 2011 to December 31, 2014, a sum of 288,858 transactions at the pay stations.

We had also intended to perform an analysis of the daily and monthly parking revenues for O'Donnell. However, while site staff report that revenue is accounted for separately on deposit forms sent to Parks Administration, parking revenue is not recorded separately in Advantage by Parks. This suggests that historical daily, monthly, and special events parking revenue data are not used to inform decision-making on the daily/monthly parking split.

In speaking with Parks fiscal staff, we concluded that attempts to separate out the revenue sources for the years of our review would require significant efforts to access paper files and recreate records of the two revenue categories. At the end of the process, we weren't sure that this would result in a complete and accurate data set.

In their appraisal, the Nicholson Group stated that the financial statements they were given did not allocate parking revenue based on daily and monthly parking so they estimated the split using reported data on the number of monthly permit holders and the rates charged. While that method was a suitable workaround in that situation, we think that the tracking of actual data going

forward for analysis will help guide Parks decision-making when it comes to setting monthly parking ceilings. Therefore, we recommend that:

6. *Going forward, DPRC either record daily, monthly and special events parking revenue in separate accounts or clearly label separate entries in a single account so that revenue can be analyzed for decision-making.*

Technology upgrades are needed to improve efficiency at O'Donnell Park.

An appropriation of \$155,000 was included in the 2007 Adopted Capital Budget to install an automated entry/exit gating system at O'Donnell Park. Prior to their installation, exit lanes were equipped with clerk huts where County personnel manually collected parking fees. According to the budget narrative for the project, that practice "is labor intensive and no longer cost-effective given the technology of automated payment collection methods currently available."

Our observations of the technology used at O'Donnell versus other parking facilities indicate that the County has not kept pace with technology.

Our observations of the technology utilized at O'Donnell versus other parking facilities indicate that despite the initial investment in 2007, Milwaukee County has not kept pace with technology.

- **Ticket Booths**

The automated ticket booths on-site operate similarly to other structures where a patron pulls up to a gated station, pushes a button to receive a time-stamped ticket at entry, and then submits that ticket upon exiting the facility in his/her vehicle. The parking fee is then automatically calculated, based on the lapsed time, and a fee charge amount appears on the pay station screen. Credit cards can be swiped for processing or cash can be inserted into a feeder.

Both Parks staff and the site's lessees indicate that there are frequent mechanical problems with O'Donnell's pay stations, which can cause back-ups. We experienced an issue first-hand when during one of our visits we were attempting to pay to exit the facility. Instead of seeing our parking fee, the pay station displayed what appeared to be "characters" similar to those used in foreign languages, as shown in the following image.



A Parks employee was on hand at the exit, directing patrons through the process that day. Parks Management confirmed that there are frequent problems with the booth that we used to exit that day. We were told that a \$5,000 purchase order is left open to repair the pay stations, which frequently break.

- Pre-pay Machines

Many parking facilities are now equipped either entirely or in-part with stand-alone pay stations where patrons pre-pay for parking prior to returning to their vehicle. Then, at exit, they are simply inserting their already validated ticket and not swiping a credit card or reaching for change. O'Donnell Park does not have a working pre-pay machine on site. However, a non-functioning pre-pay machine, pictured on the following page, is located outside of the elevator bank leading from the garage to the Miller Brewery Company Pavilion (outside the atrium entrance).

O'Donnell Park does not have a functioning pre-pay parking machine on site.



A non-working pre-pay machine results in frequent confusion.

In our interviews with tenants on-site, we were told that the machine has never worked, and that it causes frequent confusion for visitors who attempt to use it. In our review of work orders for O'Donnell Park, we found documentation indicating that a work order was submitted in September 2011 to *remove the pay station in the first floor lobby at O'Donnell*. There was no close date listed on that work order entry, and the pay station remains without any signage alerting users that it's out of order.

In addition to the pre-pay stations, area parking lots and garages are also offering customers the ability to pay online or with a smart phone application. Earlier this year, the City of Milwaukee unveiled a smart phone application (MKE PARK) to allow for convenient paying for city parking meters. Rather than creating their own application, other area parking companies use technology offered by other national companies to set up an online account and subsequently pay

O'Donnell is not equipped with a Point of Sales system.

online, with a smart phone application or by calling the payment in by phone. This technology also allows visitors to remotely add time to their current parking spot.

- Current Computer Systems

Given the amount of revenue processed through O'Donnell Park, we're concerned that O'Donnell Park is also not equipped with a Point of Sale (POS) system, which have been installed at other Parks' facilities, including golf courses. The POS systems provide real-time sales data, which can be monitored by Parks Administration. At O'Donnell, site staff have to enter revenue counts into a dated cash register and then include a print out of the register tape with their deposits and revenue reports provided to Parks Administration.

Perhaps most glaring, current computer systems at O'Donnell Park do not have the capacity to automatically charge monthly parkers' credit cards. Some monthly parkers at O'Donnell drop their payment off monthly at the parking office. Yet, monthly pass holders can also authorize the County to charge their cards monthly. To do so, the patron lists their credit card information on the monthly application, and signs off on the charges. Parks employees keep all applications locked and once a month a Parks seasonal employee hand enters credit card numbers for the approximately 700 monthly parkers who have given the County permission to charge their cards. Credit card payment records are tracked on paper index cards, and backed up with entry in FilemakerPro. While this system does allow the County the ability to offer automated monthly deductions to its customers, this is an inefficient use of staff time and a potential security issue.

In 2007, DPRC issued a Request for Proposal (RFP) for a private entity to manage parking operations at O'Donnell Park. According to Parks Management, that effort was abandoned due to the limitations they faced in structuring that contract to coincide with financial regulations governing private activities on public property with outstanding tax-exempt debt. We met with the Comptroller's Capital Finance Manager, who confirmed that with the current outstanding debt on the property, there is a way to bring a contracted vendor onsite to run parking operations, though the contract would have to be specially structured so that the County would not be required to repay existing debt. Given the great infrastructure needs, it's possible that an outside operator specializing in running parking operations could implement

technology upgrades, and still yield similar net revenues for the County.

Our observations of current staff working at O'Donnell Park lead us to believe that they are both resourceful and working hard to provide user-friendly services for the site's parkers and to maintain transaction records for the County, despite their limited resources. If the County continues to run parking operations at O'Donnell Park, we recommend that:

7. *DPRC work with the Department of Administrative Services—Information Services Management Division to come up with cost estimates associated with needed technology upgrades on-site in order to allow for automatic credit card charges for monthly parkers and more seamless data collection. As part of this, DPRC should also perform a cost analysis of upgrading pay station technology, including functioning pre-pay stations.*
8. *In the interim, DPRC should remove the existing non-functioning pre-pay parking station.*
9. *DPRC should work with site staff to develop a written policy and procedures manual for O'Donnell Park to formally document operations and ensure a smooth transition in the event of staff turnover.*
10. *As an alternative to recommendations 7 and 9, DPRC could consider soliciting proposals for a private parking operator to manage parking operations at O'Donnell Park.*

Section 4: DPRC needs to better monitor threshold provisions in its O'Donnell Park space leases.

While the majority of O'Donnell Park's revenue is generated from parking operations, Milwaukee County also collects revenue from its two tenants, the Betty Brinn Children's Museum (BBCM) and Zilli Hospitality Group (ZHG), currently leasing space in the Miller Brewing Company Pavilion.

The County has had long-term relationships with both tenants on-site, after experiencing struggles with prior relationships. Discovery World initially intended to lease the space at O'Donnell Park when it was built, but instead moved to the Milwaukee Public Museum before relocating to their current lakefront location. The County also managed two previous restaurant ventures prior to working with ZHG.

In reviewing the County's current leases, we sought to analyze lease provisions, confirm compliance with the requirements, and determine the appropriateness of the terms. In addition to reviewing agreements in place, we also spoke with both Milwaukee County Parks Department contract and fiscal staff, and representatives from each lessee. This section contains an overview of our findings, broken down by each lessee, starting with BBCM.

Milwaukee County's current long-term lease agreement with BBCM for its space at O'Donnell Park extends to March 31, 2028.

The County entered into its original lease with BBCM in 1993.

In August 1993, Milwaukee County entered into a lease with The Children's Museum, Inc. (later named Betty Brinn Children's Museum), for the entire second and third floors of the Miller Brewing Company Pavilion, and part of the first floor lobby area, which was to be used as an admission desk/ticket booth. The

initial lease term was 10 years, and allowed for two consecutive five year extensions.

The annual rental payment was structured with a base payment of \$60,000, plus payments based on net revenues from third-party rental of the premises and annual attendance totals. The \$60,000 of base rent is made up of a pure rental component of \$10,000 (which was calculated as approximately \$.50 per square foot) and is subject to cost of living index increases; the \$50,000 balance sought to cover utilities, maintenance and security costs.

The original lease was to commence a year following the date it was signed to allow for “alterations and tenant improvements.” According to BBCM’s Executive Director, BBCM put in over \$1 million in capital funding to build out the space. Our review of BBCM’s financial statements indicates the same.

In September 2008, the County and BBCM signed an amendment to their lease to alter a number of provisions in the original lease. Among the notable changes was the addition of one additional 13 year extended term beginning April 1, 2015 and one optional 5 year extended term beyond the 13 year extension. In both the original lease and the 2008 amendment BBCM is given the sole option to extend the term of the lease with written notice provided to Milwaukee County at least 12 months prior to the expiration of the term. On March 19, 2014, the President of the BBCM Board served written notice of BBCM’s intention to extend its lease from April 1, 2015 through March 31, 2028.

BBCM’s lease has been extended through May 2028.

BBCM withheld lease payments in 2010 and 2011, following the accident at O’Donnell Park. In November of 2014, Milwaukee County and BBCM settled their long-term disagreement over BBCM’s unpaid rent.

Milwaukee County invoices BBCM quarterly for its leased space. In 2010-2014, BBCM was invoiced, with cost of living adjustments

(50% of the adjusted Consumer Price Index every 5 years) applied to the \$10,000 pure rental component, as follows:

- 2010: \$10,000 plus a CPI of \$1,380 for a quarterly amount of \$2,845;
- 2011-2014: \$10,000 plus a CPI of \$1,933 for a quarterly amount of \$2,983

Each invoice also included a charge of \$12,500 for the quarterly amount of annual maintenance, utility and security reimbursement. This amount has remained unchanged since the lease's commencement in 1993. Language in the 2008 contract amendment allowed the County to charge BBCM for increased utilities for any first floor common area installations made by BBCM, and for their pro rata share of utility, maintenance and security costs related to the common space. We did not find documentation indicating that Parks pursued any additional utility charges during our review period.

BBCM withheld rental payments to the County following the 2010 accident and subsequent garage closure.

BBCM has generally been compliant in reimbursing the County for its leased space at O'Donnell, with the exception of withheld rental payments following the 2010 accident at O'Donnell Park, and subsequent closure of the parking garage.

Between September 2010 and July 2014, correspondence between the President of BBCM's Board and the County was exchanged. In that correspondence, BBCM claimed to have suffered damages because the County failed in its promise to keep the parking structure "in a reasonably safe and serviceable condition" between June 24, 2010 and June 28, 2011. As a result, BBCM withheld \$45,569 in lease payments from the County for the third and fourth quarters of 2010 and the first and second quarters of 2011. Milwaukee County denied that they breached the lease and disputed BBCM's right to withhold rent payments.

**BBCM and the
County settled their
disagreement over
the unpaid rent in
2014.**

A June 2014 letter from the DPRC Director threatened to terminate BBCM's lease if BBCM did not pay the County \$63,441 within 30 days, which was stated to be the lease payments withheld, plus interest and unpaid fire inspection fees of \$451. On July 15, 2014, the Office of Corporation Counsel sent a letter to BBCM's attorney indicating that Milwaukee County would be willing to resolve the differences between BBCM and Milwaukee County through an expedited mediation, as outlined in the lease.

The two parties signed a settlement and release agreement in November 2014. The agreement included the following provisions:

- BBCM paid the County \$31,000, which the County accepted as payment in full;
- Between January 1, 2015 and December, 31, 2017 (or the closing date of any sale of the property to Northwestern Mutual, which was being contemplated by policymakers at the time), BBCM is allowed to use the Miller Room for free on six dates per year, consistent with BBCM's annual events;
- The County agreed not to charge BBCM for its 25 leased parking spaces in the O'Donnell Park structure for the months of October through December 2014 and January through February 2015;
- BBCM was also given access, without charge, to outdoor space at O'Donnell Park for exhibits and outdoor programs (the agreement details the provisions surrounding this use).

This agreement was not presented to the County Board for review and approval. According to Corporation Counsel, the matter resolved a claim which had resulted in lost revenue (a departmental matter) rather than an added liability for the County.

Milwaukee County garners very little revenue from the revenue sharing policies established in BBCM's lease.

In addition to annual quarterly lease payments, BBCM's lease states that the County is to receive additional payments based on

net revenues from third party rental of the premises and attendance. The formulas for the third party rental and attendance-based rent provisions are detailed in the original lease, and were not adjusted in the 2008 amendment. They are summarized as follows:

- 20% of net revenues from third party rentals are due to the County regardless of attendance
- Additional revenue is due to the county for the following categories of paid attendance equivalents:
 - 10% for 150,000-250,000 visitors
 - 20% for visitors in excess of 250,001

BBCM's compliance with their lease's revenue sharing provisions is detailed below.

Third-Party Rentals

Table 9 shows the annual payments made to Milwaukee County for BBCM's third party rentals.

Table 9 Net Third Party Rental Revenue Paid to the County from BBCM 2010–2014	
<u>Year</u>	<u>Net Revenue</u>
2010	\$259
2011	\$151
2012	\$225
2013	\$112
2014	\$191
Average	\$188
Source: Department of Parks, Recreation & Culture financial records.	

BBCM submitted an average of \$188 annually in 2010–2014 for its share of net third-party revenue owed to the County based on lease terms.

As indicated in the table, on average, BBCM submitted an average of \$188 annually for their third party rentals. Audit Services verified that the annual amounts were recorded in Parks revenue; however, over the course of the five years we reviewed, the revenue was recorded in three different accounts (building

space rental, other rental income, and commission on private operated concessions). Although the amount is minimal, it makes sense to be consistent in accounting for it.

According to a former Parks contracts official, the County has not been aggressive in enforcing this lease provision. For example, BBCM has scouting groups that rent the property off-hours, which they count as programming rather than third-party rentals. Our review of the documents provided annually by BBCM, which we received from Parks financial staff, included summaries with very little detail. That said, in reviewing BBCM's annual reports and financial statements, it's unlikely that inclusion of the aforementioned scouting groups would account for much additional revenue for the County as third-party rentals do not appear to be a significant focus of BBCM's operations.

BBCM is also to pay the County a percentage based on their paid attendance equivalents over thresholds outlined in their lease.

Attendance

As stated above, BBCM is to pay the County a percentage based on their paid attendance equivalents over thresholds outlined in the lease. The first threshold is 150,000 paid attendance equivalent visitors.

Paid attendance equivalent visitors are defined in the lease as *the number of annual admissions to the Premises, determined on a calendar year basis, based upon the payment of the full admission price established by Lessee from time to time during the lease...*the definition goes on to state that not less than annually, the lessee shall provide the lessor with the lessee's *written policy in effect from time to time with respect to its admission rates and discount policy*. Payments for the revenue sharing outlined in the lease are due annually on or before April 30th for the prior year.

In 2013 and 2014, the letters sent to the County with BBCM's third party rental payments also included totals of the museum's paid

attendance equivalents for the years. Those totals are shown in Table 10.

Table 10 DPRC Records of BBCM's Paid Attendance Equivalents	
<u>Year</u>	<u>Paid Attendance</u> <u>Equivalent</u>
2013	62,198
2014	60,637
Source: Department of Parks, Recreation & Culture financial records.	

According to the definition included in the lease, BBCM is to provide the County with its admission rates and discount policy at least annually. We asked multiple officials at Parks for this documentation for the years of our review, but were not able to obtain documentation beyond the numbers listed in the table above. A former contract services staff member reported that BBCM did not submit annual attendance or written attendance and discount policies to Parks.

We met with BBCM's Executive Director and staff, and requested additional detail on BBCM's attendance and discount policy. We were provided with onsite total attendance and BBCM's paid attendance equivalent counts for the last 10 years. Figures provided by BBCM for the years 2010-2014 are included Table 11.

Table 11
BBCM Attendance
2010–2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Paid Attendance Equivalents	58,430	66,886	58,681	62,198	60,637
Total Attendance	193,518	201,290	194,117	198,883	192,145

Source: BBCM Chief Financial Officer.

According to the Executive Director of BBCM, the museum does a tremendous amount of outreach, which includes about 30,000 in attendance from free admissions, including free transportation. BBCM provided us with a detailed narrative on their discount policies wherein they stated that they track attendance in 43 separate categories. We do not dispute that BBCM has extensive discount policies and programs for families, schools and community groups. We do think that in managing its lease with BBCM, DPRC should be cognizant of BBCM's attendance and associated policies. Therefore, we recommend that:

11. *DPRC request that BBCM submit annual attendance by category, along with a written statement of their attendance and discount policy at least annually, as required in their lease, so that DPRC can monitor BBCM's compliance with lease provisions.*

Milwaukee County subsidizes parking at O'Donnell for BBCM members and visitors.

When we met with officials at BBCM, they reported that historically, BBCM has paid \$24,000 to \$25,000 a year for staff parking, and another \$66,000 for member and guest parking. By their count, BBCM traffic drives 26,000 to 30,000 people who park at O'Donnell, paying \$3 to \$4 on weekdays and a flat fee on weekends. BBCM's parking is handled in the following ways based on their agreements with the County:

Staff Parking

In BBCM's original lease with the County, they were granted up to 10 unreserved parking spaces for use by their employees, volunteers, and invitees, at a rate equal to the monthly rate, which was then \$50 a month. The 2008 amendment upped their use to 21 unreserved parking spaces with 4 reserved parking spaces in the parking structure at a rental rate of \$100 per month per parking space less applicable tax. The lease amendment goes on to say that the *rental rate shall be adjusted at the end of each three-year period to reflect a discounted rate from the then current market rate for comparable parking in the O'Donnell Park structure.* BBCM has not always utilized staff parking at O'Donnell. For a time, BBCM employees parked in the U.S. Bank parking lot. Parks officials report that BBCM staff currently pay \$78 a month per space for their 25 spaces. We did not find written documentation of the price agreement, though the discounted rate is consistent with the language in their contract.

A September 2008 Memorandum of Understanding attempted to clarify BBCM visitor parking discounts.

Museum Visitor Parking

On September 1, 2008, DPRC entered into a Memorandum of Understanding (MOU) with BBCM to clarify items of ongoing negotiations between the parties that weren't included in the September 1, 2008 First Amendment to the County's lease with BBCM. BBCM visitor parking was among the items addressed in the MOU. Though the first page of the MOU lists a date of September 1, 2008, it's unclear when the MOU actually went into effect. It's signed by the Parks Director in place in 2008, but not dated. The signature line for BBCM is dated "2/14/9."

It's not clear why these matters were handled separately given the date of the agreements. And, while the 2008 amendment to the lease was discussed by the County Board in 2007-2008, we cannot find legislative records indicating that the 2008 MOU was brought before policymakers. Legislative records indicate that \$2 visitor coupons were a part of original lease amendment

negotiations, though they did not end up in the final 2008 amendment agreement.

In any event, the MOU outlined provisions for \$2 off discount coupons for all BBCM visitors and \$3 parking passes for BBCM members parking in the O'Donnell structure. The MOU calls for BBCM to reimburse the County for each \$3 pass redeemed. The MOU goes on to state that for the initial 12 months of the agreement, the \$2 off coupons will be produced and provided by the County at no cost to BBCM. Thereafter, the parties agreed to negotiate in good faith a percentage portion to be paid by BBCM.

We requested records of use for both the \$3 passes and \$2 coupons for the years of our review period. Given a change in software, site staff could only produce records for 2012 through 2014. Those records are included in Table 12.

Table 12
BBCM Visitors' Use of Reduced Parking
2012–2014

<u>Year</u>	<u>No. of \$3 Passes Used</u>	<u>Cost</u>	<u>No. of \$2 Off Coupons Used</u>	<u>Cost</u>
2012	20,567	\$61,701	10,992	\$21,984
2013	21,151	\$63,453	10,082	\$20,164
2014	22,676	\$68,394	10,475	\$20,951
Average	21,465	\$64,394	10,475	\$20,951

Source: O'Donnell Park site staff.

While Milwaukee County does cover the cost of the \$2 coupons, BBCM believes that the County makes approximately \$150,000 in parking revenue from the \$2 coupons because the discount policy drives daily parking use and parking spot turnover at O'Donnell.

Our conversations with both BBCM and O'Donnell Park site staff indicated that BBCM currently produces the \$2 coupons, but while the County invoices BBCM for use of the \$3 passes, the County does not bill BBCM for \$2 coupons used. Invoicing for the \$3 passes is consistent with language in the 2008 MOU. Beyond language directing use of the \$2 coupons for the first year, which was also included in the MOU, we did not see any additional documentation codifying the use of \$2 coupons. Therefore, we recommend that:

12. *DPRC update and formalize current agreements with BBCM regarding the BBCM staff parking rate and use of \$2 coupons.*

Milwaukee County has multiple overlapping agreements with Zilli Hospitality Group (ZHG), governing ZHG's activities at O'Donnell Park.

ZHG began working on site when they assumed the commercial lease of Impel, Inc. (which the County entered into in 1995) for operation of the restaurant space in the Miller Brewing Company Pavilion at O'Donnell Park. Soon after, in December 2002, ZHG entered into a second agreement with Milwaukee County for exclusive catering rights for the Miller Room, also in the Miller Brewing Company Pavilion at O'Donnell Park.

The County's multiple overlapping agreements with Zilli Hospitality Group at O'Donnell make it difficult to determine which contract provisions are current.

As Milwaukee County's partnership with ZHG at O'Donnell evolved in subsequent years, additional agreements, Memorandums of Understanding (MOU), and amendments to the original agreement were entered into. This practice has made it difficult to discern which contract provisions are current, and which have since been amended. We reviewed the records and pulled together a summary of the various agreements in an attempt to provide clarity regarding revenue Milwaukee County should expect to collect and parking Milwaukee County should seek to set aside for ZHG.

In summary, we believe the following terms are current for ZHG's operations at O'Donnell:

For Coast (ZHG's on-site restaurant)

- ZHG's space lease payment is comprised of an annual per square foot base amount, subject to cost of living index adjustments.
- The space lease payment also requires a commission payment of 3% gross sales revenue over \$2.5 million.
- North and South Gardens booking is to be catered by Coast; all revenues generated from catering services provided in the North and South Gardens shall be included in the appropriate commissions on annual sales over \$2.5 million, 3% of which are owed Milwaukee County.
- Rental and commission provisions from the original restaurant lease also apply to gross sales from reservation-only food service at Coast.

Miller Room Catering Activities

- ZHG is to pay 8% of all food and beverage sales resulting from catering activities in the Miller Room with a minimum payment guarantee of \$24,000 a year.
- All rental revenue associated with the booking of the Miller Room is due to Milwaukee County.
- Payments shall be mailed or delivered to Parks Administration Special Events and shall be accompanied by monthly reports.

Parking

- Milwaukee County is to provide 25 unreserved and 4 reserved spots in the O'Donnell Park parking structure for employees at the cost of the monthly parking rate. *[We were told by DPRC that ZHG no longer uses these spaces.]*
- When Coast is open to the public for walk-in business, a \$3 flat fee (which may be raised \$0.25 annually) is designated for employees and patrons when validated. When operating as a reservation-only space, the \$3 flat fee is in effect for employees, if validated; patrons pay the hourly/daily rate. *[We were told by DPRC that the current validated rate, used by Coast employees, is \$3.50.]*

**ZHG took over
booking of O'Donnell
Park banquet space
in 2003.**

In 2003, the County signed a Letter of Agreement with ZHG for a one year term (October 1, 2003 through September 29, 2004) regarding the promotion and marketing of the Miller Room (and Harbor Lights Room at the adjacent Transit Center). The letter states that ZHG will hire a salesperson to promote the venues and will provide office equipment, training and back-up coverage in the event of the salesperson's absence. As part of their role, ZHG was to develop and implement a marketing plan for the venues.

At the close of the agreement, DPRC was to work with ZHG to enter into a longer-term agreement. It is unclear whether the County entered into a subsequent agreement specifically governing ZHG's role as promoter and booking agent of the Miller Room. An updated agreement was not provided to us by DPRC or ZHG. ZHG stated that the promoting, marketing, and booking of the Miller Room has been an "assumed role" for them for the last several years. ZHG currently uses space in the Promontory Pavilion at O'Donnell to coordinate these activities.

In 2009, ZHG sought to restructure Coast's operation from walk-in restaurant to a reservation-only private events space. Their proposal was ultimately altered to a hybrid model where the restaurant was still open to the public on a limited, but regular, weekly schedule, and then available for private events for the balance of time.

In early 2015, DPRC submitted an action report to the County Board requesting that their agreements with ZHG for operations at O'Donnell, which were set to expire at the close of 2015, be extended. The County Board approved the 3-year extension in September 2015.

ZHG did not exceed their contracted minimum commission for the Miller Room in any of the years we reviewed.

Based on their agreements with the County, ZHG remits quarterly payments for base rent for the 7,045 square feet of restaurant space they lease at O'Donnell. Table 13 shows the amounts ZHG was invoiced for base rent in the years 2010-2014. Our review of Advantage records indicates that they paid their rent in full over the course of our review period. Like BBCM's third party rental revenue, ZHG's lease payments were recorded in varying accounts over the course of our review. In 2010 and 2011, they were recorded in Building Space Revenue; after 2012, they were included in "Other Rental Income."

ZHG is also billed separately for their utilities. We did not review those records.

Table 13
ZHG Lease Payments for Coast Space at O'Donnell Park
2010–2014

<u>Year</u>	<u>Price/Square Foot</u>	<u>Annual Amount Due</u>
2010	\$7.86	\$55,374
2011	\$7.91	\$55,726
2012	\$8.04	\$56,642
2013	\$8.12	\$57,205
2014	\$8.16	\$57,487

Source: Department of Parks, Recreation & Culture financial records.

ZHG did not submit any payments to Milwaukee County for commission on Coast Restaurant sales over \$2.5 million. Both Milwaukee County officials and ZHG stated that they did not exceed the sales threshold in any of the years we reviewed.

As stated above, catered food and beverage service in the Miller Room requires an 8% commission rate on sales, with a guaranteed minimum payment of \$24,000 a year. We reviewed

financial records collected by Parks financial staff, as provided to the County by ZHG. As shown in Table 14, the 8% commission rate on ZHG's Miller Room food and beverage sales did not exceed their \$24,000 minimum in any year from 2010-2014.

Table 14
ZHG's Miller Room Food and Beverages Sales
2010–2014

<u>Year</u>	<u>8% of Food/Beverage Sales</u>	<u>Amount Paid</u>
2010	\$21,608	\$24,000
2011	\$18,962	\$24,000
2012	\$18,242	\$24,000
2013	\$19,991	\$24,000
2014	\$18,142	\$24,000
Total	\$96,945	\$120,000

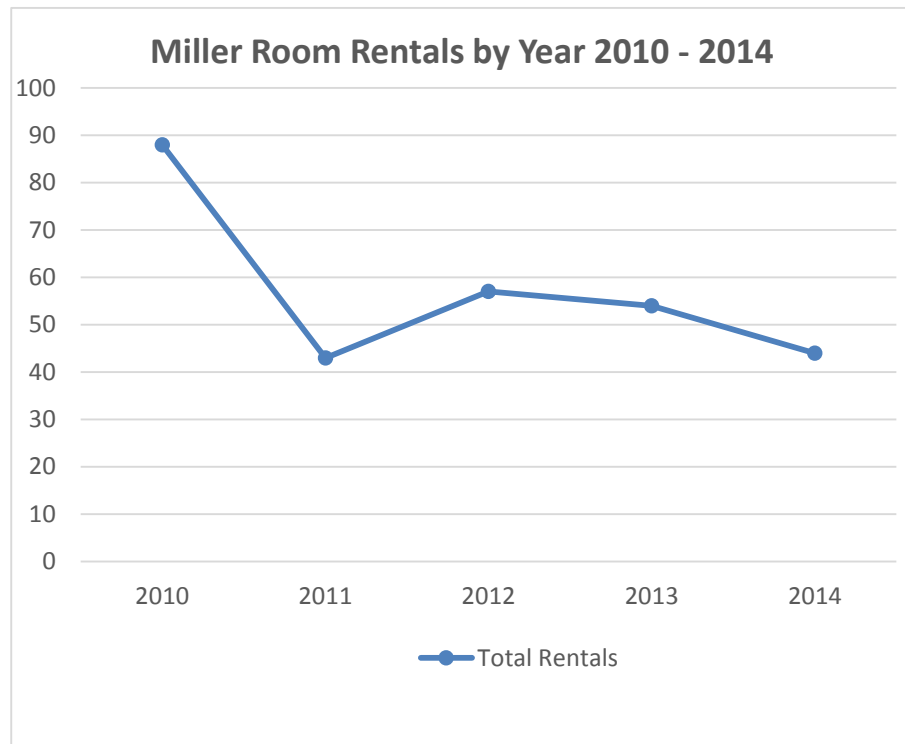
Source: Department of Parks, Recreation & Culture financial records.

Had the minimum payment guarantee not been a part of ZHG's contract, they would have paid just short of \$97,000 over the 5 year period we reviewed. Instead, the County received \$120,000 in commission revenue.

Our conversations with ZHG indicated that Miller Room business suffered due to the accident in 2010, and the subsequent closure of the parking garage. ZHG went on to state that business suffered again in 2012 when they were no longer able to book the Harbor Lights Room in the adjacent Transit Center due to the proposed Couture project. The Miller Room, Coast and the Harbor Lights Room had been marketed jointly in prior years.

As part of our review, we looked at the booking data provided by ZHG and charted out their events. The annual Miller Room rental data is shown in Figure 2.

Figure 2



Source: Department of Parks, Recreation & Culture financial records.

ZHG reported that the events business follows a cyclical schedule with increased business starting in mid-May and continuing through October. Business can ramp up again in December for holiday parties, and then generally lowers again until Mother's Day.

Parks Department officials were not able to locate annual audited financial statements, a contract requirement, from ZHG.

County officials were unable to locate financial reports, required in ZHG's leases for the years of our review.

As part of their agreements with the County, ZHG is to submit year-end sales and revenue statements for the Miller Room and annual audited financial statements for Coast. We asked several officials at DPRC in management, contract compliance, and budget, but no one was able to locate these reports. There has been recent turnover in key positions in both Parks' financial and contracts offices, and we should mention that overall, the new

individuals hired were very helpful in providing us with background information despite their short tenures in those positions.

In 2006, Audit Services looked at ZHG's contract as part of a larger audit on Parks' facilities leases. We made a number of recommendations related to ZHG's O'Donnell Park lease, including to review independently verified financial statements for both Coast and the Miller Room. We also recommended that DPRC ensure that signed copies of the Letter of Agreement (mentioned earlier in the report) on Milwaukee County letterhead were retained in Parks' files. As far as we can tell, DPRC has not complied with those recommendations.

Overall, the risk in entering into long-term contracts, is that the contract will not evolve with the changing nature of the business relationship. We noticed this with looking at the payment structures included in both of O'Donnell Park's lease agreements. Beyond space rental and established minimum payments, the County garners very little additional revenue. Our observations indicate that DPRC is not thoroughly monitoring the reporting requirements outlined in the O'Donnell Park contracts, including audited financial reports and attendance tallies, and is instead relying on its lessees. With threshold-based contracts, officials need to either monitor the threshold triggers or change the contract model going forward.

We reaffirm with our earlier observations, and recommend that DPRC:

13. *Obtain and review year-end audited financial statements for ZHG's operations at both Coast and the Miller Room to ensure that the County is capturing all of the commission payments required in the County's lease agreement with ZHG.*
14. *Seek to clean up subsequent agreements so that Milwaukee County's relationship with ZHG at O'Donnell is not governed by a series of overlapping agreements. In doing so, be sure*

to include marketing and promotion roles originally described in a 2003 Letter of Agreement between the two parties.

Section 5: A long-term commitment from the County could yield private investment at O'Donnell, but even small, less costly changes would help reshape the Park.

Some activities, like concerts and a farmer's market, mentioned recently as suggested uses for O'Donnell Park were also envisioned when the park first opened.

As part of our audit, policymakers requested that we look at how Milwaukee County can better utilize the park at O'Donnell Park. In looking into this, we researched other urban parks throughout the United States, observed O'Donnell Park on several occasions, spoke with Parks officials—both management level and ground staff, spoke with the site's lessees, and reviewed O'Donnell Park's history to see whether old plans could be reinvigorated.

Some activities mentioned recently as suggested uses for O'Donnell Park were also envisioned when the park first opened. For example, in 1994, the County Board adopted a resolution (File No. 94-254) authorizing and directing the DPRC Director to explore the feasibility of scheduling a Farmer's Market at O'Donnell.

In reviewing archived press coverage of O'Donnell Park, we came across media reports from 1994 detailing a summer concert series presented by the Park People of Milwaukee County (a nonprofit organization with the mission to protect Milwaukee County parks, resources and facilities). Press archives indicate that concert series was still up and running in 2001.

In 2003, the Park People also brought forth a proposal to turn the North Garden into a sensory garden, described as a space providing a tactile, audible, visual and aromatic environment to stimulate the senses and reduce stress, for individuals with disabilities. The cost estimate they had prepared for that transformation was \$570,000 in 2001. A fundraising plan to raise money for the majority of the project costs was also included in the file. The plan ultimately did not move forward and the legislative file was placed on file at the end of the term.

Despite its non-traditional and somewhat unkempt appearance, visitors are using O'Donnell Park.

In one of our first interviews with Parks management to discuss O'Donnell Park, one Parks' official commented that O'Donnell Park is not the type of park where you would go to fly a kite or play ball. And, it's true, the set-up of O'Donnell with ample hard surfaces and smaller separated gardens does make it a somewhat non-traditional park space.

In **Section 1** we found that although the condition of the property has improved since the infusion of capital funding following the accident in 2010, areas of concern still remain. Many of those areas of concern affect the park portion of the property. The pictures that follow tell the story.



The site landscaping includes diseased trees on the plaza level. We visited the property in late spring and early summer, and observed multiple trees on the terrace level as well in the north garden that had significant areas without leaf cover. Parks Management informed us that the trees are slated for removal this fall.



Trees planted on the property, along Lincoln Memorial Drive below the terrace level have the opposite issue. Those trees are experiencing abundant growth, so much so that they block views of Lake Michigan from the plaza.

We also observed an overgrowth of weeds in planted beds, and benches throughout the property are worn to the point that they are no longer inviting to sit on.



Notwithstanding its challenges and somewhat unkempt appearance, we did observe people using the park on each visit over the course of our fieldwork.

We observed visitors using the park at each of our visits.

In late spring, individuals passed through the park on their way to the lakefront while exercising or on their way to the museum. On the Audit team's June 4th visit, we observed children running around on the South Garden, and eating lunch in the park and at tables outside of Coast. On June 24th, a stream of visitors traversed through the park on their way to Summerfest, which opened that day, while the picnic tables were filled with adults, presumably office workers from nearby buildings, eating lunch. We also observed individuals sitting quietly in the North Garden, which given its low-key and hidden nature, provides an excellent retreat for quiet contemplation.

DPRC could increase their focus on Special Events programming at O'Donnell, but the site will likely always have challenges with weight and water.

Milwaukee County site staff working at O'Donnell report that all activities at O'Donnell are currently booked through Zilli Hospitality Group (ZHG). Parks Management agreed that ZHG's contract may limit the activities the County could pursue without ZHG's partnership.

We reviewed ZHG's contracts in order to discern what "park" activities would require ZHG's involvement given their contract. As mentioned in the previous section, a series of sometimes overlapping agreements govern the County's contractual relationship with ZHG at O'Donnell. Two of Parks' agreements reference O'Donnell's North and South Gardens.

- A 2007 Memorandum of Understanding (MOU), stated that ZHG *will assume exclusive responsibility for all catering, booking, and managing events in the North and South Gardens.*

- On April 25, 2007, the following language was added to ZHG's agreement with the County to operate Coast through an amendment, *Effective April 1, 2007, all revenues generated from catering services provided in the North and South Gardens shall be included in the appropriate commissions on annual sales over \$2.5 million.*

Language in the 2007 MOU states that the agreement expires at the latter of the following: December 31, 2007 or the signed award of successive agreements. The County entered into a second MOU with ZHG in 2009, but the North and South gardens were not discussed. The 2007 amendment to the contract is still in effect.

Under current agreements, the County would need to work with ZHG prior to exploring programming with a catering component.

Therefore, we conclude that in keeping with their agreements, at the very least, the County would need to work with ZHG prior to exploring any programming with a catering component.

In our interview with ZHG, their representative was eager to work with the County and provided us with a list of ideas that they had also shared with the Parks Department. The list focused on evening and weekend programs, and included potential partnerships with Betty Brinn, and other area groups like the Urban Ecology Center, Milwaukee School of Engineering, and the Park People. Included in the list were activities which are taking place elsewhere already such as movies in the park, summer music series, a farmer's market, and fitness classes. ZHG would partner by offering food and beverage service such as pre-ordered "picnic in the park" baskets.

We met with Parks' Chief of Operations to better understand how programming is arranged in other County parks. We were told that in general, programming is handled through Parks' Special Events Office. The Special Events Office works in multiple ways to book programming, including issuing Requests for Proposals for certain programming, making arrangements with individuals and groups interested in providing programming, and following up with other individuals and groups who are found to be providing

programming without a permit. The Chief of Operations could not recall any recent special events programming targeted to O'Donnell.

We researched a number of parks in major metropolitan areas across the nation, including:

- Campus Martius Park in Detroit, Michigan;
- Ontario Town Square Park in Ontario, California;
- Director Park in Portland, Oregon;
- Klyde Warren Park in Dallas, Texas;
- Discovery Green Park in Houston, Texas; and
- Perk Park in Cleveland, Ohio.

Some specific activities identified in the vibrant urban parks are listed below. Given the site's historic water issues, we purposely left water-based programming, including water fountains and ice rinks, off the list of viable options.

Other urban parks we reviewed had activities like fitness classes, games, art and cultural performances, and market night.

- Group fitness classes (yoga, tai chi)
- Game area with life-size chess/checkers
- Children's park and storytelling tree
- Kids imagination playground
- Art and cultural performances (dance, poetry, comedy)
- Architecture, sculpture and landscape design
- Destination market nights (vintage, collectibles, modern items)
- Farmer's market
- Traveling beer garden

The County could also revisit programming from the past and attempt to dust off the 2003 sensory garden plans. The sensory garden concept had been reviewed by O'Donnell's consulting engineering firm, Graef, at the time and was deemed to have fit within the weight-carrying limits of O'Donnell Park. The Parks Department confirmed that they consult Graef prior to any changes or weight-bearing activities, and should continue to do so prior to making any future plans.

A long-term commitment from the County to keep O'Donnell Park could result in private investments from the site's

partners, but even less-costly changes and additional attention would help to spruce up the space.

According to the Project for Public Spaces, a nonprofit planning, design, and educational organization, a successful public space generally has the following qualities: they are accessible, people are engaged in activities there, the space is comfortable and has a good image, and it's sociable.

In researching successful urban parks throughout the Country, we found examples of innovative spaces with ample programming. Key features included contemporary fixtures and custom furniture designed to make the space feel like an outdoor living room, fountains, and amphitheaters. Given O'Donnell's long history with weight and water issues, and the amount of funding needed just to bring the site's maintenance up to par, it's unlikely that O'Donnell's aesthetic will radically change anytime soon.

In our interviews with site partners, both of the current lessees mentioned their interest in helping the County to defray costs associated with needed upgrades, if they were granted assurances of Milwaukee County's long-term commitment to O'Donnell Park, and to their relationship with each lessee. ZHG mentioned that they would consider investing in freshening up the Coast space. The Executive Director of BBCM mentioned that she would work with BBCM's Board to see if BBCM could make a contribution to help off-set O'Donnell's capital needs identified during the proposed sale of the property to Northwestern Mutual.

Small changes at O'Donnell like better upkeep of the landscape and replacement of worn benches would help to make the park more inviting.

Going back to Project for Public Spaces criteria for a successful public space, O'Donnell's prime lakefront location definitely makes the site accessible, providing a link from the central business district to the lakefront. However, as shown earlier in this Section, small changes—including an increased focus on keeping up the landscape and repairing worn benches—could help to make the park more comfortable.

ZHG's proposal included the following suggested park improvements:

- Improve signage (highlight Gold Medal Park Winner)
- Have parking stations in full operation (and remove the non-working prepay station in the lobby)
- Keep facility clean, including the lobby and stairwells
- Maintain the lawns
- Level the gardens to make outdoor events and tenting easier
- Keep lighting consistent
- Maintain or replace trees, bushes and beds
- Plant flowers with height and color
- Repaint railings

We concur that the aforementioned changes could help to make O'Donnell more inviting. And, greater efforts to coordinate programming at O'Donnell, whether it be fitness activities or working with lessees on seasonal events programming could help make O'Donnell more active and sociable.

Policymakers' decisions at O'Donnell may be influenced by anticipated changes to the property surrounding O'Donnell Park in the coming years.

In opening this report, we mentioned that we conducted this audit in a changing policy landscape. In closing, we note that the make-up of the physical landscape surrounding O'Donnell Park is dynamic. Northwestern Mutual is building what will become Downtown's largest office tower across the street, with a public atrium/commons, which is likely to result in more traffic for the O'Donnell Parking Structure and the park itself. Two additional possible major development projects surround O'Donnell: the Couture on the adjacent Downtown Transit Center site and the potential Lakefront Gateway Plaza across Lincoln Memorial Drive. Should one or both of these projects proceed, they would bring even more users to the park and parking structure.

With the varying deed restrictions on the property, policymakers may wish to make plans for the property as a whole or in parts.

Further, O'Donnell Park itself is a complex property with a complicated history resulting in varying deed restrictions for separate portions of the property. The O'Donnell Park Workgroup produced a report summarizing the property's deed restrictions on December 12, 2014 (attached to File No. 14-837). In summary, while the entire O'Donnell land parcel is zoned a Parks District, and included in the Lakefront Overlay Zone, the northern portion of the property (if the property is split approximately along where Wisconsin Avenue meets the park) is also subject to parks-only deed restrictions imposed by the City. However, it would be possible for the City to change the zoning on the southern portion to allow development, including by a private developer if the County sold that parcel. The plan developed by the Long Range Lakefront Committee shows an office tower there. Development on the northern parcel is also at least theoretically a possibility, although the City would need to release its parks-only deed restrictions. As a result, in the future policymakers may wish to make plans for the property as a whole or in parts.

Finally, going back to the O'Donnell Park Workgroup's original report dated August 22, 2014, the Workgroup presented policymakers with an analysis of three potential options for the property. The first two options received the most attention: sell the property or continue to operate it indefinitely as a parking structure topped by a park, much as it is now. But the third option, which did not generate as much discussion, was the plan to retain O'Donnell Park and at the end of the garage's useful life, rather than rebuild, demolish the parking structure and redevelop the site as a park. The Workgroup determined that this option also had a net present value, though it was not as high as the option to sell.

In any event, we believe that in order for O'Donnell Park to be the best it can be, a commitment is needed to ensure that a continuous effort is made to maintain efficient operations, maintenance, and programming at the property. As the site's

history and our analysis have shown, even one-time major capital investments are not enough to sustain the property into the future.

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Audit Scope

The objectives of this audit were to conduct a review of O'Donnell Park's maintenance, operations, and site utilization in order to assess whether Milwaukee County's efforts are maximizing the site's revenue potential.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review to the areas specified in this Scope Section. During the course of the audit, we:

- Reviewed records in the County's financial system for O'Donnell Park, including, but not limited to, revenue for both parking and leased commercial space, and maintenance spending on-site.
- Conducted site visits to document the physical state of the property and to observe operations. Physical observations were compared to photographs of the property taken in 2010 when Audit Services conducted an audit on County-wide maintenance and repair.
- Interviewed Department of Administrative Services Architecture, Engineering and Environmental Services staff to gain insight into the current physical state of the property and to establish a reasonable useful life for the property.
- Interviewed pertinent Department of Parks, Recreation and Culture management, ground staff and Office of the Comptroller Capital Finance staff to gain insight on the property's history, operations, and maintenance efforts.
- Reviewed parking procedures and data on O'Donnell Park Parking Garage's monthly parkers.
- Reviewed documentation collected as part of the property's proposed sale in 2014, including a 2014 parking study, property appraisal, and reports compiled by the O'Donnell Park Workgroup.
- Obtained and analyzed provisions of Milwaukee County's current property leases at O'Donnell Park.

- Interviewed Department of Parks, Recreation and Culture contracts staff (former and current) and O'Donnell Park lessees in order to determine compliance with lease provisions. In doing so, also analyzed the appropriateness of lease provisions.
- Established a timeline of events for the O'Donnell Park property to be used to explain the property's background.
- Researched successful urban park ventures in order to pull together a list of potential uses for policymakers.

CHRIS ABELE, MILWAUKEE COUNTY EXECUTIVE
JOHN DARGLE, JR., DIRECTOR OF PARKS, RECREATION AND CULTURE

DATE: 8 October 2015
TO: Jerome J. Heer, Director of Audits
FROM: John Dargle, Jr., Director, Department of Parks, Recreation & Culture
SUBJECT: Audit of O'Donnell Park

On behalf of the Milwaukee County Parks, Recreation & Culture Department, I accept the findings and recommendations of your Audit of O'Donnell Park dated September 2015. Pending the actions of the County Board of Supervisors and the County Executive with regard to the sale of O'Donnell Park, we intend to implement some of the corrective actions suggested in your recommendations as described in the attached summary of our actions to be taken to improve the situation.

O'Donnell Park is a unique asset within the Milwaukee County park system in that it includes a parking facility with a roof-top park. While intended to serve as a connector between the city's business center and the lakefront, deferred and looming maintenance, debt service, and eventual replacement costs will challenge the County. The structure in its current state is profitable and even demonstrates the potential for continuing profit in the near future, but major capital investment is required.

Attached you will find a summary of our perspective concerning your report findings and recommendations and the actions to be taken to improve the situation.

Thank you for your service and support.

Attachment

Copy: Chris Abele, County Executive
Supervisor Gerry Broderick, Chair, Parks, Energy & Environment Committee

Audit of O'Donnell Park September 2015 Summary of Recommendations & Action Items
Department of Parks, Recreation & Culture (DPRC)

Audit Number & Recommendation	How Recommendation will be implemented	Responsible	Timeline	Alternate solutions
1. DPRC develop and implement a site-specific written maintenance program for O'Donnell Park, and keep a comprehensive maintenance file on site with detailed record logs and inspection reports.	DPRC to work with County Architecture, Engineering & Environmental Services Section in reviewing Graef's customized maintenance plan manual as described in Audits report on page 32 and the Precast/Prestressed Concrete Institute (PCI) and National Parking Association (NPA) manuals as described on page 33. DPRC to create a binder and log book of all routine and preventative maintenance activities that are done at the facility and categorize action items by daily, weekly, monthly and annual inspection reports.	Chief, Park Operations & Unit Coordinator	3-6 months	NA
2. DPRC work to revamp procedures to track and manage Parks Maintenance work orders and work closely with IMSD pending the County's implementation of Cityworks.	DPRC will reconcile work orders on a monthly basis with Trades staff. The County Facilities Management Division, in collaboration with all County Departments that operate and maintain facilities, is the Business Sponsor for an IMSD project to acquire a County-wide Computerized Maintenance Management System (CMMS). The Milwaukee County selected CMMS is Cityworks. The current implementation timeline for the project is to have a functional rollout mid-year 2016. Currently the project is in the RFP development phase, with solicitation to occur fall of 2015.	Chief, Park Operations, Unit Coordinator, Facilities Management Division	2 months to revamp DPRC procedures to track work order progress. 9-12 months to implement County CityWorks functional rollout.	NA
3. DPRC analyze prior spending and known needed repairs in order to establish a 10-year maintenance and capital schedule and budget for the facility.	DPRC will work with County Architecture, Engineering & Environmental Services Section in reviewing Graef's August 2011 estimated repairs and Walker Restoration Consultants report as described in Audits report on page 36. Capital budgeting for the facility is pending the	Chief, Planning & Development	3-6 months	NA

Audit of O'Donnell Park September 2015 Summary of Recommendations & Action Items
Department of Parks, Recreation & Culture (DPRC)

Audit Number & Recommendation	How Recommendation will be implemented	Responsible	Timeline	Alternate solutions
	actions of the County Board of Supervisors and the County Executive with regard to the sale of O'Donnell Park and the Milwaukee Art Museum (MAM) interest in the property. County anticipates MAM would submit a term sheet proposal to the County in October 2015.			
4. DPRC consider implementing a price increase for monthly parkers. In doing so, Parks should track, record and analyze customer behavior following the increase to help inform future decision-making.	Effective January 1, 2016 DPRC will implement a \$20 price increase for monthly parkers.	Chief, Park Services	4-6 months	NA
5. DPRC update parking demand studies regularly to stay current on market conditions.	In 2014 Desman Associates was hired by the Milwaukee County Department of Economic Development to update the 2010 City of Milwaukee Parking Study. DPRC will regularly monitor parkmilwaukee.com to gather information about parking in downtown Milwaukee.	Chief, Park Services	6 months	If County continues to operate and manage O'Donnell parking, DPRC suggests the Department of Economic Development be responsible for updating parking demand studies and determine the regularity of these studies.
6. Going forward, DPRC either record daily, monthly and special events parking revenue in separate accounts or clearly label separate entries in a single account so that revenue can be analyzed for decision-making.	Concur.	Finance Manager	3-6 months	NA
7. DPRC work with the Department of Administrative Services – Information Services Management Division to come up with cost estimates	Concur.	Chief, Park Services	3-6 months	NA

Audit of O'Donnell Park September 2015 Summary of Recommendations & Action Items
Department of Parks, Recreation & Culture (DPRC)

Audit Number & Recommendation	How Recommendation will be implemented	Responsible	Timeline	Alternate solutions
associated with needed technology upgrades on-site in order to allow for automatic credit card charges for monthly parkers and more seamless data collection. As part of this, DPRC should also perform a cost analysis of upgrading pay station technology, including functioning pre-pay stations.				
8. In the interim, DPRC should remove the existing non-functioning pre-pay parking station.	Pending the actions of the County Board of Supervisors and the County Executive with regard to the sale of O'Donnell Park and the Milwaukee Art Museum (MAM) interest in the property. County anticipates MAM would submit a term sheet proposal to the County in October 2015.	Chief, Park Operations	3-6 months	NA
9. DPRC should work with site staff to develop a written policy and procedures manual for O'Donnell Park to formally document operations and ensure a smooth transition in the event of staff turnover.	Concur.	Chief, Park Operations & Unit Coordinator	6 months	NA
10. As an alternative to recommendations 7 and 9, DPRC could consider soliciting proposals for a private parking operator to manage parking operations at O'Donnell Park.	Pending the actions of the County Board of Supervisors and the County Executive with regard to the sale of O'Donnell Park and the Milwaukee Art Museum (MAM) interest in the property. County anticipates MAM would submit a term sheet proposal to the County in October 2015.	Contracts Manager	6 months	NA
11. DPRC request that BBCM submit annual attendance by category, along with a written statement of their attendance and discount policy at	Concur.	Contracts Manager	3-6 months	NA

Audit of O'Donnell Park September 2015 Summary of Recommendations & Action Items
Department of Parks, Recreation & Culture (DPRC)

Audit Number & Recommendation	How Recommendation will be implemented	Responsible	Timeline	Alternate solutions
least annually, as required in their lease, so that DPRC can monitor BBCM's compliance with lease provisions.				
12. DPRC update and formalize current agreements with BBCM regarding the BBCM staff parking rate and use of \$2 coupons.	Pending the actions of the County Board of Supervisors and the County Executive with regard to the sale of O'Donnell Park and the Milwaukee Art Museum (MAM) interest in the property. County anticipates MAM would submit a term sheet proposal to the County in October 2015.	Contracts Manager	6 months	NA
13. Obtain and review year-end audited financial statements for ZHG's operations at both Coast and the Miller Room to ensure that the County is capturing all of the commission payments required in the County's lease agreement with ZHG.	Concur.	Contracts Manager	3-6 months	NA
14. Seek to clean up subsequent agreements so that Milwaukee County's relationship with ZHG at O'Donnell is not governed by a series of overlapping agreements. In doing so, be sure to include marketing and promotion roles originally described in a 2003 Letter of Agreement between the two parties.	In September 2015, the County Board approved a 3-year extension to ZHG's contract with the County for their operations at O'Donnell Park.	Contracts Manager	Complete	NA