A Tale of Two Systems: Three Decades of Declining Resources Leave Milwaukee County Parks Reflecting the Best and Worst of Times

December 2009

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December 31, 2009

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

We have completed an audit of the Milwaukee County Parks system infrastructure.

The report concludes that three decades of declining resources have led to the Parks system's current state of select showcase holdings, but unsustainable infrastructure demands. The report identifies the need for an improved process for ongoing assessment and prioritization of Parks infrastructure needs, and describes options for consideration by policymakers in choosing the future course of the Milwaukee County Parks system.

A response from the Department of Parks, Recreation and Culture is included as Exhibit 5. We appreciate the cooperation extended by administrators and staff of the Parks Department during the course of this audit.

Please refer this report to the Committees on Finance and Audit.

Jerome J. Heer
Director of Audits

JJH/cah

Attachment

cc: Milwaukee County Board of Supervisors
Scott Walker, Milwaukee County Executive
Cynthia Archer, Director, Department of Administrative Services
Terrance Cooley, Chief of Staff, County Board Staff
Sue Black, Director, Department of Parks, Recreation & Culture
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Summary

The Milwaukee County Parks System Reflects the Best and Worst of Times

Today's Milwaukee County Parks system has evolved over the years, spanning parts of three centuries during its acquisition and development. Currently, the Milwaukee County Parks system has 156 parks and nearly 15,000 acres for recreational, cultural and aesthetic enjoyment. The system includes several indoor and outdoor pools, tennis courts, golf courses, band shells, pavilions, athletic fields and many other amenities. The Milwaukee County Parks system also includes two community centers, two indoor sports complexes, 153 miles of biking/hiking trails, four marinas/boat launch sites, the Mitchell Park Horticulture Conservatory (the Domes), Boerner Botanical Gardens, and many other attractions. Within the system, approximately 120 miles of roadway and 133 parking lots must be maintained.

One of the objectives of this audit project was to provide a pictorial depiction of the current state of the Milwaukee County Parks system infrastructure. Based on interviews with Parks management, line staff and members of the non-profit support group Parks People, we selected a broad range of locations to photograph within two distinct categories. The first category was comprised of those locations and facilities that, for various reasons, interviewees considered examples of the best that the Parks system has to offer. These holdings are considered by some to be among the 'jewels' of the Milwaukee County Parks system. The second category is more aptly described as the 'eyesores' of the system. These are Parks holdings where physical deterioration from years of deferred maintenance and neglect is evident.

As will be discussed in detail in this report, we believe the 'tale of two systems' is a result of a prolonged period of time in which Parks infrastructure demands have exceeded available resources. Given this reality, it is both remarkable and a credit to Parks management and line staff that the Milwaukee County Department of Parks, Recreation and Culture received the 2009 Gold Medal Award issued by the American Academy for Park and Recreation Administration and the National Recreation and Park Association.

Three Decades of Declining Resources Have Led to the Parks System's Current State of Select Showcase Holdings, but Unsustainable Infrastructure Demands

The system's current state is the inevitable consequence of addressing large and growing infrastructure demands with fewer and fewer resources over a period of years.

Operating Expenditures

Data from as far back as consecutive annual Milwaukee County financial records could be located show that during the 1960s and 1970s, Parks system operating budgets experienced sustained growth. During the next 23 years, annual operating budgets for the Parks system fluctuated between $36.2 million (1994) and $43.9 million (2002). Budgeted expenditures for 2009 totaled $43.7 million.

However, adjusting for inflation reveals a steady, dramatic decline in annual Parks operating budgets during the past three decades. Expressed in constant 2009 dollars, the data show that operating budgets peaked at just under $98 million in 1978 and hit a low of $40.4 million in 2006. In 2009, budgeted annual expenditures of $43.7 million are 4% less, in real terms, than the inflation-adjusted $45.5 million devoted to Milwaukee County Parks system operations in 1962.

Property Tax Levy

A similar pattern emerges when reviewing the amount of property tax levy devoted to Parks system operations. Expressed in constant 2009 dollars, tax levy support budgeted for Parks operations peaked at $72.4 million in 1976 and hit a low of just under $21 million in 2004. In 2009, budgeted property tax levy support of $24.6 million is 36% less, in real terms, than the inflation-adjusted $38.2 million earmarked for Milwaukee County Parks system operations in 1962.

The data also show that the Parks system's reliance on property tax support for operations has declined substantially over the years. Property tax levy accounted for about 84% of Parks' total operating budget in 1962. By 2009, tax levy accounts for 56% of budgeted Parks operating budget. This shift away from reliance on property tax support has been accomplished through the enhancement of existing, or development of new, revenue streams. In addition, several non-profit groups have provided supplemental support through volunteer labor, fundraising and in-kind contributions.

Capital Expenditures

Capital expenditures are those that relate to the addition of a permanent structural improvement or the restoration of some aspect of a property that will either enhance the property's overall value or increases its useful life.

Milwaukee County's average annual capital investment in its Parks system was much greater during the 1960s than in any other decade since. Moreover, the comparatively robust average annual investment of $25.5 million (in constant 2009 dollars) was followed by two decades during

which the annual Parks capital budget averaged about $9 million, or about one-third the level of the 1960s. In real (inflation-adjusted) terms, the County's average capital investment in the Parks system during the past 10 years was less than half (48%) of its 1960s level.

New Construction vs. Major Maintenance

The percentage of capital expenditures budgeted for Parks new construction vs. major maintenance fell substantially over the past three decades, from nearly 80% in the 1980s to about 31% in the 2000s. This means an increasing percentage of capital expenditures (the total of which are declining in real terms over the previous decade) is devoted to major maintenance of an aging Parks infrastructure. This pattern does not bode well, particularly in light of a growing backlog of deferred maintenance requirements for the Parks system (discussed in detail in **Section 3** of this report), as well as Milwaukee County's well-publicized financial difficulties.

Staff Resources

The number of Full Time Equivalent positions (FTEs) budgeted for the Parks declined rather gradually but steadily from the 1980s through 2001. During that period, Parks FTEs ranged from a high of 1,327 in 1980 to a low of 860 in 1998. Beginning in 2002, however, when FTEs were budgeted at 794, a steeper downward trend occurred, bottoming out at 486 in 2007. In 2009, a total of 548 FTEs were budgeted for Parks, or less than half (41%) the number budgeted in 1980. This pattern of reduced staffing continues in 2010, when 510 FTEs are budgeted for Parks, or about one-third the level in 1980. Parks management noted that in recent years, the number of full-time (as opposed to part-time) positions have been reduced even more dramatically, resulting in greater reliance on part-time and seasonal positions. Further, management notes that skilled trades positions in particular have been reduced. These trends, in conjunction with the overall reduction in FTEs, negatively impact the department's ability to maintain its infrastructure.

Conclusion

Having compiled a number of broad indicators from County records that in some cases date back to 1962, a distinct pattern emerged. During the decades of the 1960s and '70s, Milwaukee County devoted an increasing amount of resources towards the development of a County Parks system that had evolved over parts of three centuries. Those two decades of steadily increasing resources were followed by a sustained decline over the 1980's, 1990s and continuing throughout the present decade. Coupled with the pictorial presented in this report, it is clear that the infrastructure demands of the current system have outpaced available resources.

This report provides independent corroboration of numerous others that have been presented to policymakers from a variety of sources since 2000. Each has served as warnings of a day of reckoning that has clearly arrived, and that demands a strategic decision on a future course of Parks stewardship.

The County Needs an Improved Process for Ongoing Assessment and Prioritization of Parks Infrastructure Needs

In 2008, the Parks Department reported that the accumulated deferred repairs and maintenance totaled $275.6 million. Our analysis of the support for that amount indicates the figure is inaccurate, with evidence that a significant portion of the estimate is overstated, while other portions may be understated. This raises concerns regarding the construct of the number. Despite these concerns, the Parks deferred maintenance figure likely exceeds $200 million, overwhelms available resources, and is rising. Addressing this issue will require the County to make tough decisions concerning the direction of the Parks system as a whole.

The Path to Deferred Maintenance

For the past several years, the Parks Department budget for ongoing infrastructure maintenance and repair has been reduced. Instead of meeting actual needs, the maintenance and repair budget has been an amount designed to allow Parks management to meet an overall departmental target established during the budget process. Increasing fiscal pressures stemming from the County's overall structural deficit fall particularly hard on discretionary quality of life items such as the Parks system.

Prior to development of the 2010 budget, Milwaukee County's structural deficit was estimated at $78 million and was projected to reach $153 million in 2014. This imbalance creates pressure on Milwaukee County managers to put a lower priority on maintenance of buildings and land improvements so as to preserve delivery of services. Funding of maintenance is a tempting item to cut, because there may not be an immediate or critical consequence for deferring the costs to some future date.

Questionable Deferred Maintenance Estimates

The Parks Department is responsible for maintaining a wide range of types of infrastructure, including, but not limited to, multi-purpose buildings, pavilions, indoor and outdoor pools, boat slips, roadways, parking lots, bridges and beaches. Based on information provided by Parks management, the cumulative amount of deferred maintenance was reported as $157.6 million in 2006, jumping almost 75% to $275.6 million as of 2008. The details behind these numbers come from several sources, mostly from various divisions and units within the County Department of Transportation and Public Works.

The apparent accelerated amounts of deferred maintenance over the two years indicated potential problems with the manner in which the data was constructed. Of particular concern was the practice of reporting the total current replacement cost of certain types of infrastructure, regardless of their condition. To illustrate, the amount of reported accumulated deferred maintenance for Parks roads in 2008 was about $66.6 million. That figure does not, in fact, represent the amount of accumulated deferred maintenance. Rather, it is the estimated replacement cost for <u>all</u> Parks roads from 2006, increased by 25% each year, even for roads that had been recently replaced. Under this method, the amount that would be reported for accumulated deferred maintenance for Parks roads for 2010 would be $99.9 million, *even if every Parks road were to be replaced today*.

While the preceding analysis shows that a significant portion of the deferred maintenance cost estimate for Parks infrastructure is overstated, we found omissions and other factors that indicate the estimate may be understated by an undetermined amount. For instance, there are a significant number of buildings and structures whose conditions have not been specifically assessed, or whose cost estimates are outdated. A factor of 25% was included in the total building and structures category for omissions, but this figure lacks specificity and is not a reliable figure.

Further, the software used by the County to track physical asset maintenance costs does not routinely include the cost of such items as American with Disabilities Act compliance or an estimate for unknown costs such as asbestos removal.

Summary

The County does not have an accurate estimate of the total deferred maintenance needs for Parks infrastructure, although available information suggests the figure is substantial and likely exceeds $200 million. The repetitive deferral of maintenance activities can negatively impact the expected useful life of the Parks infrastructure. The extent of this impact depends on how quickly the County can address the current accumulated deferred maintenance by investing a sufficient amount to

prevent an accelerated rate of deterioration. It is not unlike owning an expensive car and ignoring the 'check engine' when it comes on. By not budgeting for maintenance and repair based on actual needs, management loses accountability over the assets it is responsible for maintaining and contributes to a growing amount of deferred maintenance.

During the 2010 budget deliberations, the Parks Director characterized the department's preventative maintenance program as one that repairs something after it breaks rather than providing ongoing maintenance to preserve its useful life. The Parks infrastructure will continue to deteriorate unless steps are taken to address the backlog of needed maintenance, repairs and replacements. However, information presented in this and previous major reports raise serious questions regarding the ability of Milwaukee County to properly maintain the current Parks system infrastructure

Options for Consideration in Choosing a Future Course for the Milwaukee County Parks System

While the potential for enactment of some form of legislation to provide dedicated funding for the Milwaukee County Parks system remains, such legislation is not imminent. The information presented in this audit report suggests the time has arrived for a strategic decision on a future course for stewardship of the Milwaukee County Parks system.

Based on our review of the current condition of the Milwaukee County Parks system infrastructure and nearly 50 years of related financial trends, we concluded the following:

- ***Current resources are inadequate to properly maintain the current Milwaukee County Parks system infrastructure.*** The pictorial presented in **Section 1** of this report is clear evidence of this fact, as are the financial trends presented in **Section 2**.

- ***A comprehensive, accurate and updated list of Parks infrastructure maintenance needs is necessary.*** The shortcomings identified in **Section 3** of this report must be addressed to provide a sound foundation for making critical resource allocation decisions. This information will be necessary to distinguish costs for critical needs from costs that potentially can be mitigated or avoided altogether.

- ***Proper stewardship of the Milwaukee County Parks system requires alignment of the system's infrastructure needs with available resources.*** This alignment can be achieved through a variety of options, several of which have already been employed in varying degrees.

Options for Consideration by Policymakers

1. *Establish criteria for determining whether a facility should be fixed or demolished.*

2. *Replace some current facilities with alternative structures that have lower construction and/or maintenance costs.*

3. *Expand opportunities for the types of public/private partnerships that have successfully leveraged private capital in the maintenance and improvement of several Parks locations.*

4. *Undertake a comprehensive assessment of current and future Parks developments, taking into consideration alternatives to reduce overall infrastructure costs. Another alternative that could be considered in this assessment is the potential for divestiture of some County parkland. Divestiture could take the form of sale for development, or transfer to a municipality or non-profit entity for continuation or development of recreational use. Various restrictions associated with the original acquisition of parkland (e.g., federal funding requirements, deed restrictions on donated land, etc.) could prohibit or severely restrict divestiture options for many Park system holdings.*

   The Parks Director has advocated for a return of some currently developed Parks land to a natural state to lower maintenance costs in a draft report titled *Park and Open Space Plan 2035*. Currently, approximately 9,000 of the nearly 15,000 acres of parkland are developed. Additional features of an overall strategic vision under development by the Parks Department concentrate on revenue-generating centers, such as regional water parks and multi-plex athletic fields, in lieu of scattered, smaller venues. While much of that vision holds great promise, an accurate assessment of the current and future maintenance costs of such facilities must be identified so that policymakers can evaluate the plan in context of the existing infrastructure needs.

We wish to acknowledge the cooperation of Parks staff as well as volunteers of Parks 'Friends' groups contacted throughout the audit process. We have included recommendations to address the items of concern raised in the audit report. A management response from the Department of Parks, Recreation and Culture is presented as **Exhibit 5**.

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Background

Milwaukee County Parks System

Today's Milwaukee County Parks system has evolved over the years, spanning parts of three centuries during its acquisition and development. The origin of the current system can be traced back to parks established with the development of the City of Milwaukee.

History of Milwaukee County Parks System Acquisition and Development

The first park of record in Milwaukee dates back to 1835, the same year the original Milwaukee County was organized under the authority of the Legislative Council of the Michigan Territory. Now known as Carl Zeidler Park, that and other public parks in the City of Milwaukee consisted of small parcels of land donated by the city's founding fathers.

The State Legislature created a Board of Park Commissioners for the City of Milwaukee in 1889. That board was authorized to issue bonds for the purchase of park sites. Initial developments included Kosciuszko, Lake, Mitchell, West (now known as Washington) and Humboldt Parks. A Milwaukee County Park Commission was established under state law in 1907. The first land acquisitions of record by the County Park Commission occurred in 1910, for parcels that would become Grant Park and Jacobus Park. After a public referendum to consolidate administration of the City and County park systems, 37 parks were transferred to the Milwaukee County Park Commission, effective January 1, 1937. With those transfers, the Milwaukee County Parks system included approximately 4,300 acres of parkland.

Expansion of the County Parks system was halted during World War II, but resumed thereafter and was robust until, by the early 1970s, much of the current system's holdings were in place.

Current Holdings

Currently, the Milwaukee County Parks system has 156 parks and nearly 15,000 acres for recreational, cultural and aesthetic enjoyment. The system includes several indoor and outdoor pools, tennis courts, golf courses, band shells, pavilions, athletic fields and many other amenities. The Milwaukee County Parks system also includes two community centers, two indoor sports complexes, 153 miles of biking/hiking trails, four marinas/boat launch sites, the Mitchell Park Horticulture Conservatory (the Domes), Boerner Botanical Gardens, and many other attractions.

Within the system, approximately 120 miles of roadway and 133 parking lots must be maintained. (See **Exhibit 2** for more a comprehensive inventory of Milwaukee County Parks system holdings.)

Audit Report Overview

Section 1 of this audit report is a pictorial representation of the best and worst that the Milwaukee County Parks system has to offer. Some of the photographs taken by audit staff during the summer of 2009 illustrate facilities and venues that helped secure a national Gold Medal Award for the Department of Parks, Recreation and Culture in 2009. The award, issued by the American Academy for Park and Recreation Administration and the National Recreation and Park Association, honors communities throughout the United States that demonstrate excellence in long-range planning, resource management, and agency recognition.

Other photographs in this audit report present, in stark contrast, the consequences of a three-decade decline in resources devoted to Milwaukee County parks maintenance and upkeep.

Section 2 presents detailed data, researched as far back as available consecutive County records permit, on the level of resources devoted to the Milwaukee County Parks system. Those records include expenditures dating back to 1962. The data show a distinct pattern of steadily increasing resources devoted to Parks during the decades of the 1960s and '70s, followed by a sustained decline over the 80's, '90s and continuing in the present decade. The section ends with a summary of major reports presented to policymakers since 2000 that have served as warnings of a day of reckoning that has clearly arrived, and that demands a strategic decision on a future course for Parks stewardship.

Section 3 identifies the need for an improved process for ongoing assessment and prioritization of Parks infrastructure needs.

Section 4 describes options for consideration by policymakers in choosing the future course of the Milwaukee County Parks system.

Section 1: The Milwaukee County Parks system infrastructure reflects the best and worst of times.

One of the objectives of this audit project was to provide a pictorial depiction of the current state of the Milwaukee County Parks system infrastructure. During the late summer and fall of 2009, two staff members from the Department of Audit photographed various Parks locations and facilities. To ensure comprehensive coverage of the 15,000-acre system, care was taken to include locations dispersed among each of four geographic quadrants within the County.

Based on interviews with Parks management, line staff and members of the non-profit support group Parks People, we selected a broad range of locations to photograph within two distinct categories. The first category was comprised of those locations and facilities that, for various reasons, interviewees considered examples of the best that the Parks system has to offer. These holdings are considered by some to be among the 'jewels' of the Milwaukee County Parks system. The second category is more aptly described as the 'eyesores' of the system. These are Parks holdings where physical deterioration from years of deferred maintenance and neglect is evident.

Following are pictures which best reflect the 'jewels' and the 'eyesores' of the Milwaukee County Parks system today.

Following are pictures we selected, from hundreds of possibilities, which best reflect the 'jewels' and the 'eyesores' of the Milwaukee County Parks system today. We have included narrative relating to each location at the conclusion of each category of pictures, respectively.

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Jewels of Milwaukee County Parks System

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Education and Visitor Center, Boerner Botanical Gardens

Fragrance Garden at Boerner Botanical Gardens

Annual Garden Gazebo at Boerner Botanical Gardens

Rose Garden Arbor at Boerner Botanical Gardens

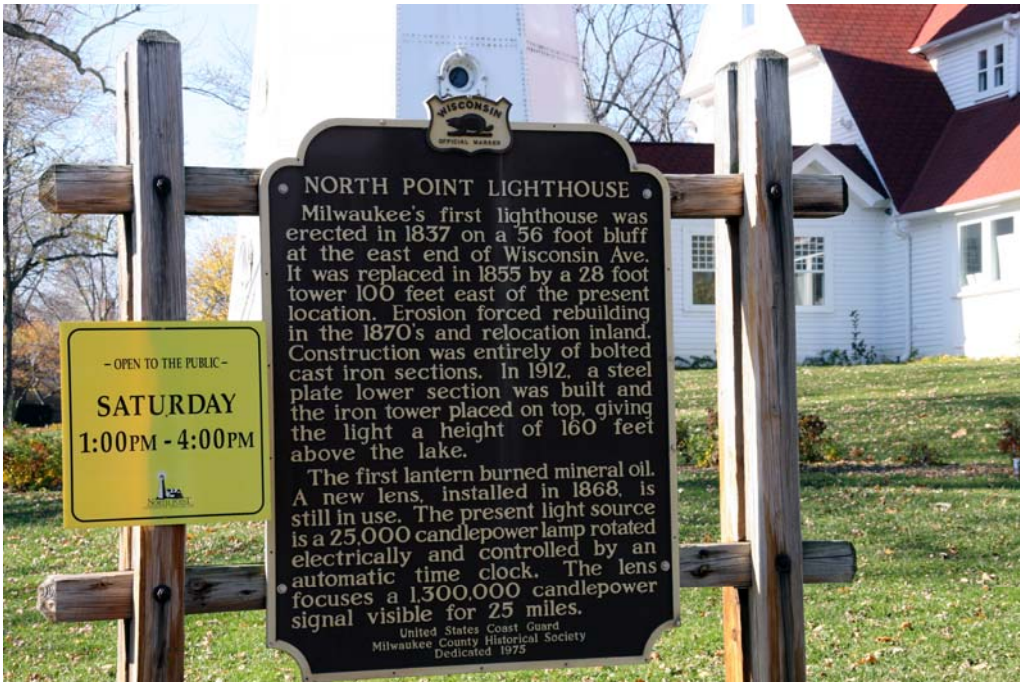
Mitchell Park Horticulture Conservatory (the Domes)

Close-Up View of Entry to the Domes

Interior Shot of Tropical Dome

Interior Shot of Desert (Arid) Dome

North Point Lighthouse



Historical Marker at North Point Lighthouse

Interior at North Point Lighthouse

Interior at North Point Lighthouse

Bradford Beach Boathouse

Bradford Beach

Bradford Beach Boathouse Observation Deck

Northpoint Concessions Stand at Bradford Beach

Water Slide at David Schulz Aquatic Center at Lincoln Park

Lazy River at David Schulz Aquatic Center

Lake Park Bistro Restaurant at Lake Park

Recently Renovated 'Lions Bridge' at Lake Park

Remodeled Restroom at Lake Park Bistro

Terrace at Lake Park Overlooking Lake Shore Drive

Lakefront View from Terrace at Lake Park

McKinley Marina Fueling Station

Boat Slips at McKinley Marina

Restroom Facilities at Shower & Comfort Building at McKinley Marina

Pavilion at McKinley Park

Private Vendor Under Lease at Red Arrow Park

Red Arrow Park Skating Rink

Red Arrow Park Skating Rink

Kosciuszko Community Center, Kosciuszko Park

Classroom at Kosciuszko Community Center

Recreation Room at Kosciuszko Community Center

Gymnasium at Kosciuszko Community Center

Hoyt Park Pavilion Interior Renovation

Hoyt Park Pavilion Interior Renovation

Milwaukee County Sports Complex in Franklin

Interior All-Purpose Space at Sports Complex

Noyes Park

Heated Indoor Pool at Noyes Park

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Milwaukee County Parks System Jewels

- ***Boerner Botanical Gardens*—**This extraordinary array of specialty gardens is internationally renowned as a horticultural showplace. Nestled within Whitnall Park, much of the original labor and artisanship was provided through the Depression-era Civilian Conservations Corps and Works Progress Administration. A new Education and Visitor Center was constructed in 2003 with significant funds provided by Friends of Boerner Botanical Gardens in a public/private partnership.

- ***Mitchell Park Horticulture Conservatory (The Domes) —*** This world-class horticultural adventure includes three massive glass dome structures that house year-round displays of a desert oasis, a tropical jungle and special floral gardens. A major private donation provided funding for a spectacular LED lighting display at night.

- ***North Point Lighthouse*—**An historic maritime treasure is one of the oldest structures built and still standing in the now-urban area. Restored in the fall of 2007, the lighthouse is located in Lake Park, one of Milwaukee's first public parks.

- ***Bradford Beach Boathouse*—**Bradford Beach is the winner of the distinguished Blue Wave Certificate, presented by the Clean Beach Council for efforts in promoting robust, healthy and vibrant beaches. Renovated with a major donation from Miller Brewing Company, Bradford Beach is a hot spot for beach volleyball and soccer leagues. In 2009 The Bartolotta Restaurant Group opened an upgraded concession stand; Northpoint Burgers and Custard represents one of several public/private partnerships that leverages private capital for the benefit of the Parks system.

- ***David Schulz Aquatic Center*—**Opened in June 2009 at Lincoln Park, the water park features the largest outdoor Lazy River in the region, heated pools, zero depth entry, lap lanes, diving boards, tub and body slides, and an interactive children's play area. The facility received the Outstanding Aquatic Facility Design/Renovation Award.

- ***Lake Park*—**A fine-dining venue is nestled in a beautiful park pavilion overlooking Lake Michigan. The French-inspired copper bar, fireplace and cozy dining rooms transport visitors into the French countryside. This public/private partnership leverages private capital to maintain and upgrade the facility, which includes a free-access community room and a breathtaking view of the lake. Lake Park is guarded by four sandstone lion sculptures. Originally constructed in 1896—

97, the Lion Bridges are two of five decorative bridges in the park.

- ***McKinley Marina—***Milwaukee County's only public lakefront marina offers 655 slips with floating docks, electricity, security and various other amenities.

- ***Red Arrow Park—***The 'Slice of Ice' skating rink was re-designed in 1999 with private and public funding. Red Arrow Park can accommodate up to 100 skaters, with a 128-by-95 refrigerated oval rink open during winter months. A private vendor leases the warming house at Red Arrow Park, serving hot beverages and snacks to skaters and downtown customers throughout year. Skating is free; skate rentals, lockers, and restrooms are available to customers.

- ***Kosciuszko Community Center—***This exceptional facility is noteworthy for its heavy usage by the community and diversity in programming offered. Programs include a Milwaukee Public School pre-school, a one-on-one tutoring and mentoring program run by the Summit Educational Association, and Milwaukee Christian Center after school programs for children ages 7—18. Other activities facilitated at the Community Center include weight room training, indoor basketball, martial arts classes, exercise classes for men and women, pool tables, scouting, and boxing.

- ***Hoyt Park Pavilion—***The interior of the pavilion was renovated in 2009, with superior artisanship displayed in the wood paneling, hardwood floors and lighting. The renovation transformed the inside of a building that has fallen into serious disrepair.

- ***Milwaukee County Sports Complex—***This 55,000 square foot facility has both indoor and outdoor athletic fields, meeting rooms and a concessions area with video games. Indoor rental space is available for soccer, baseball, softball (equipped with a batting cage), basketball courts, and volleyball courts. Outdoors rental facilities include a stadium field equipped with electronic scoreboards, outdoor lighting and bleachers. Outdoor fields can accommodate baseball, football, rugby and soccer.

- ***Noyes Pool—***Is a heated indoor pool open throughout the year. The pool offers eight full lanes for lap swimming; programming includes water exercise, therapeutic relief and swim lessons. Noyes Pool is handicap accessible, fully air-conditioned with locker rooms, private showers, hair dryers, meeting rooms and offices. The facility includes a second floor observation deck with bleachers.

Eyesores of Milwaukee County Parks System

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Grant Park Golf Clubhouse is Attractive from a Distance

Close-Up View of Clubhouse Reveals State of Disrepair

Closed Building at Grant Park

Erosion of Bluff at Grant Park

Hoyt Park Pavilion and Grounds Show Years of Neglect

Unusable Bridge at Hoyt Park

Closed Pool at Hoyt Park

Longer View of Closed Pool Park at Hoyt Park

Service Building at Kosciuszko Park

Peeling Paint Inside Kosciuszko Service Building

‘Pole Barns’ Formerly Used for Storage at Kosciuszko

Interior Shot of Pole Barn at Kosciuszko

Jacobus Park Pavilion Exterior is in Disrepair

Flood Damage in Pavilion Basement at Jacobus Park

Mold in Jacobus Park Pool House from Roof Leak

Additional Damage from Roof Leak at Pool House

Boarded Up Beach House at Doctors Park

Deteriorating Roadway at Doctors Park

Deteriorating Walkway at Dineen Park

Deteriorating Walkway at Dineen Park

Lindbergh Park Building is Locked due to Safety Concerns

Bullet Holes in Door of Lindbergh Park Building

Water Damage from Roof Leak at Mitchell Park Pavilion (Behind the Domes) Covered with White Tablecloth

Fire Damage from Vandals at Mitchell Pavilion Entrance

Pulaski Park—Cudahy Building

Interior of Building has Water Damage from Roof Leak

Building at St. Martin's Park is Boarded Up

Basketball Court at St. Martin's Park Shows Neglect

Building at Tiefenthaler Park was Ravaged by Vandals

Interior View of Window Damage from Vandals

Complete Set of 2nd Story Windows Broken for 3rd Time in Recent Years at Tiefenthaler Park

Stairway of Building at Tiefenthaler Park Destroyed by Vandals, Apparently with Sledge or Jack Hammer

Milwaukee County Parks System Eyesores

- ***Grant Park—***The second level of the Grant Park Golf Course clubhouse is in need of restoration with outdated restrooms, shower stalls full of rust, and missing tiles on floors and walls. A large veranda extending from the upper level is fatigued and decaying, and has been deemed unsafe for public use. The Oak Creek Mill Pond Warming/Skate House is closed and not maintained; erosion eats away at a bluff overlooking Lake Michigan.

- ***Hoyt Park—***While the interior of the Hoyt Park pavilion has been restored (previously pictured in 'Jewels' portion of pictorial), the exterior of the building shows years of neglect. The Hoyt Park Pool was closed in 2003. A capital improvement project to address the blight is included in the 2010 Adopted Capital Budget, but is conditioned on private fundraising of $6.5 million.

- ***Kosciuszko Park—***Service yard buildings at Kosciuszko Park are in extremely poor condition. Asbestos is present in one of the service buildings, and two old army barracks-type storage buildings (pole barns) are slated for demolition.

- ***Jacobus Park—***There are major water problems in the lower level of the Jacobus Park Pavilion. Below a heavy rain, Parks staff must turn a gate valve to close off the water drain. If the drain is not closed, the basement floods. Exterior gutters are decaying; steps are crumbling and broken. Restrooms near the wading pool show severe water damage from a roof that leaks. Mold has overtaken the restroom ceiling.

- ***Doctors Park—***A beach house at Doctors Park is boarded up and shows outward signs of neglect. Both a roadway and parking lot at the park, still in use, show severe deterioration, with large potholes and crumbling asphalt.

- ***Dineen Park—***Asphalt walkways in the park are in serious disrepair; Parks workers indicate their condition have been poor for several years.

- ***Lindbergh Park—***The building pictured has been closed due to safety concerns; a door to the building is riddled with bullet holes. The splash pad at the park is inoperable and was closed this past summer.

- ***Mitchell Park—***A pavilion behind the coveted Domes has water damage to the ceiling from a leak in the roof. When a broken window was boarded over until repairs could be made, vandals set the boarded window on fire, causing fire damage to the pavilion entrance.

- ***Pulaski Park in Cudahy—***Another example of water damage stemming from a roof that leaks.

- ***St. Martin's Park—***A building and outdoor basketball court show evidence of absolute neglect. By agreement, a local municipality is supposed to maintain this County park.

- ***Tiefenthaler Park—***This park building has been the target of at least three incidents of vandalism in recent years.

An Important Note About This Pictorial

The preceding images cannot begin to encompass every feature of the 15,000 acre Milwaukee County Parks system. Our objective was to portray both the best and the worst examples of the system's infrastructure. It is important to recognize, however, that there are ongoing maintenance costs and challenges even with the jewels of the system. For example, the entry to the Domes is pictured for its attractive landscaping and striking architecture, but Parks staff indicated that the entry is scheduled for needed repairs. Similarly, Noyes Pool is an attractive and functioning facility, but in need of a boiler replacement.

In presenting the 'eyesores' of the system's infrastructure, we are not equating the poor conditions pictured with poor performance by either Parks management or Parks staff.

Further, in presenting the 'eyesores' of the system's infrastructure, we are not equating the poor conditions pictured with poor performance by either Parks management or Parks staff. As will be discussed in detail in the remaining sections of this report, we believe the 'tale of two systems' is a result of a prolonged period of time in which Parks infrastructure demands have exceeded available resources. Given this reality, it is both remarkable and a credit to Parks management and line staff that the Milwaukee County Department of Parks, Recreation and Culture received the 2009 Gold Medal Award issued by the American Academy for Park and Recreation Administration and the National Recreation and Park Association.

Section 2: Three decades of declining resources have led to the Parks system's current state of select showcase holdings, but unsustainable infrastructure demands.

The previous section of this report depicts the stark contrast between some of Milwaukee County Parks system's showcase facilities and landscapes, and the dilapidated condition of many of its other holdings. The system's current state is the inevitable consequence of addressing large and growing infrastructure demands with fewer and fewer resources over a period of years.

Historical Fiscal Trends

Operating Expenditures

During the 1960s and 1970s, Parks system operating budgets experienced sustained growth.

Data from as far back as consecutive annual Milwaukee County financial records could be located shows that during the 1960s and 1970s, Parks system operating budgets experienced sustained growth. In nominal (unadjusted for inflation) dollars, operating budgets for the County Parks (excluding the former Milwaukee County Stadium) totaled $6.4 million in 1962 and increased each year thereafter through 1983, when budgeted expenditures totaled $41.6 million. After two consecutive years of budget cuts, the largest outlay for annual Parks operations was $45.1 million in 1986.

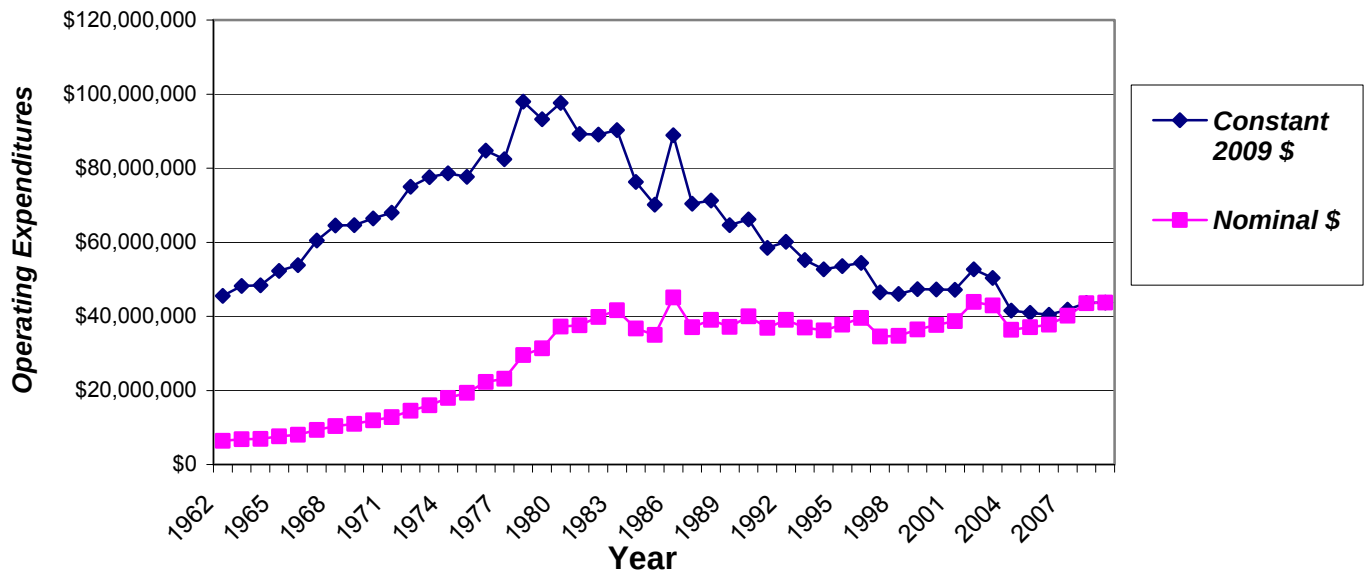
During the next 23 years, annual operating budgets for the Parks system fluctuated between $36.2 million (1994) and $43.9 million (2002). Budgeted expenditures for 2009 totaled $43.7 million.

However, adjusting for inflation reveals a steady, dramatic decline in annual Parks operating budgets during the past three decades. Expressed in constant 2009 dollars, the data show that operating budgets peaked at just under $98 million in 1978 and hit a low of $40.4 million in 2006. In 2009, budgeted annual expenditures of $43.7 million are 4% less, in real terms, than the

inflation-adjusted $45.5 million devoted to Milwaukee County Parks system operations in 1962.

Figure 1 charts annual Parks operating budgets, in both nominal (unadjusted) and real (inflation-adjusted) dollars during the period 1962 through 2009.

Figure 1
Parks Budgeted Operating Expenditures
Adjusted for Inflation, 1962—2009



Source: Milwaukee County Adopted Budgets and U.S. Bureau of Labor Statistics

A similar pattern emerges when reviewing the amount of property tax levy devoted to Parks system operations.

Property Tax Levy

A similar pattern emerges when reviewing the amount of property tax levy devoted to Parks system operations. In nominal dollars, tax levy budgeted for County Parks operations (excluding County Stadium) totaled $5.3 million in 1962 and increased fairly steadily through 1986, when tax levy budgeted for Parks operations totaled just over $31 million.

During the next 23 years property tax levy budgeted for Parks system operations generally ranged between $23 million and $30 million, with the exception of the three-year period 2004

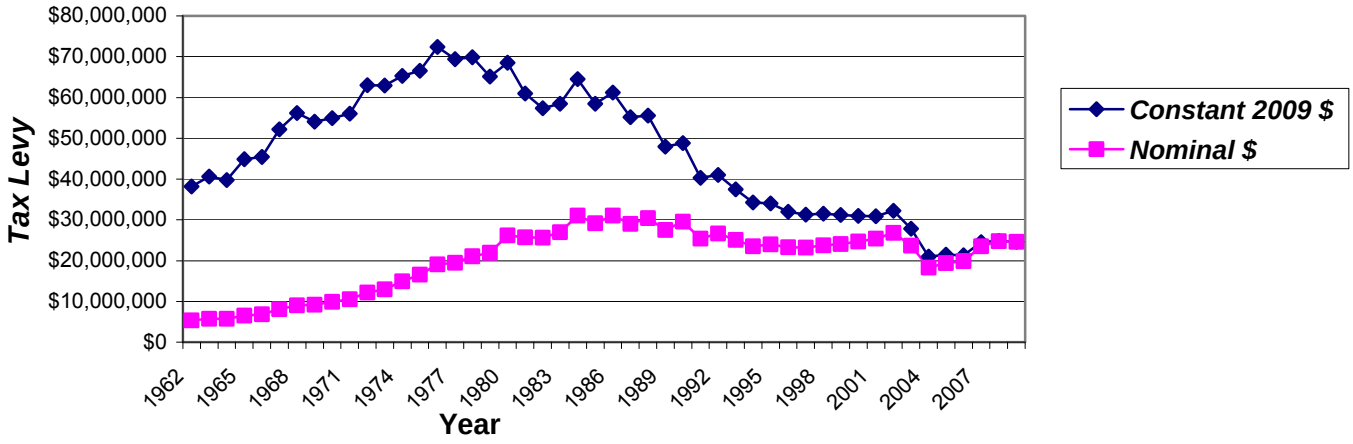
through 2006. During that period, tax levy budgeted for Parks operations was $18.3 million, $19.4 million and $19.9 million, respectively. Budgeted property tax support for Parks operations in 2009 totaled $24.6 million.

In 2009, budgeted property tax levy support of $24.6 million is 36% less than the inflation-adjusted $38.2 million earmarked for Milwaukee County Parks system operations in 1962.

Expressed in constant 2009 dollars, tax levy support budgeted for Parks operations peaked at $72.4 million in 1976 and hit a low of just under $21 million in 2004. In 2009, budgeted property tax levy support of $24.6 million is 36% less, in real terms, than the inflation-adjusted $38.2 million earmarked for Milwaukee County Parks system operations in 1962.

Figure 2 charts annual budgeted property tax levy support for Parks operations, in both nominal (unadjusted) and real (inflation-adjusted) dollars during the period 1962 through 2009.

Figure 2
Parks Budgeted Tax Levy Support for Operations
Adjusted for Inflation, 1962—2009

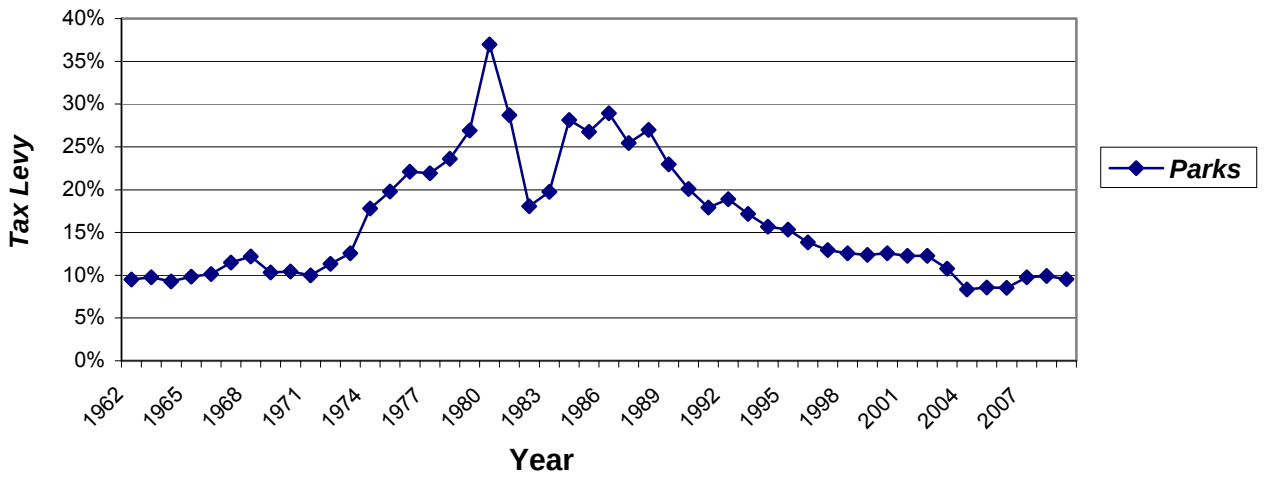


Source: Milwaukee County Adopted Budgets and U.S. Bureau of Labor Statistics

The reduction, in real terms, of property tax support for the Parks system during the past three decades is generally reflected in the percentage of total County tax levy devoted to Parks.

Figure 3 charts the percentage of Milwaukee County's total annual property tax support budgeted for Parks during the period 1962 through 2009.

Figure 3
Percentage of Total Annual County Property Tax Support Budgeted for the Parks System, 1962—2009



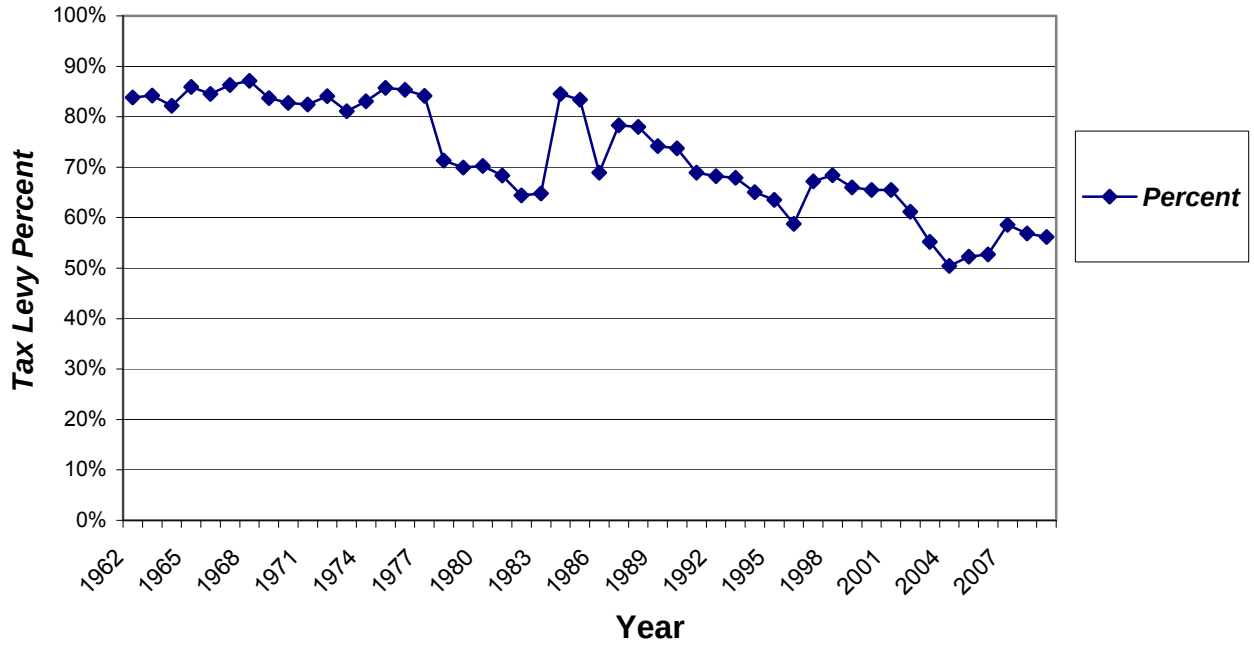
Source: Milwaukee County Adopted Budgets

During the past three years, the percentage of total County tax levy support has leveled off at approximately the same rate as the 1960s, at just under 10%.

As shown in **Figure 3**, after a period of stability during the 1960s, the percentage of total Milwaukee County property tax devoted to the Parks system rose steadily during the 1970s, peaking at 37% in 1980. The percentage has generally declined throughout the next three decades as quality of life pursuits, such as the Parks and Zoo, have competed against increasing demands for public safety and social service/safety net programs. During the past three years, the percentage of total County tax levy support has leveled off at approximately the same rate as the 1960s, at just under 10%.

The data also show that the Parks system's reliance on property tax support for operations has declined substantially over the years. This downward trend is shown in **Figure 4**.

Figure 4
Budgeted Tax Levy as a Percent of Parks Operating Budget, 1962—2009



Source: Milwaukee County Adopted Budgets

Property tax levy accounted for about 84% of Parks' total operating budget in 1962, declining to 56% in 2009.

As shown in **Figure 4**, property tax levy accounted for about 84% of Parks' total operating budget in 1962. By 2009, tax levy accounts for 56% of budgeted Parks operating budget. This shift away from reliance on property tax support has been accomplished through the enhancement of existing, or development of new, revenue streams, such as:

- Increased and/or new user fees. Examples of new sources of revenue established in recent years include permits for access to dog parks and opening the Milwaukee County Sports Complex to new revenue opportunities such as female roller derby competition.

- Public/private partnerships in which entrepreneurs contribute or fund capital improvements and provide a revenue stream for Parks in the form of lease or rent payments. Examples include Bartolotta's Lake Park Bistro, Starbucks at Red Arrow Park Skating Rink, and Zilli Hospitality Group at O'Donnell Park and the Domes.

- Corporate and private gifts and/or sponsorships. The current Director of Parks has been effective in obtaining a number corporate sponsorships for park improvements, including Miller Brewing Company (Bradford Beach), Harley Davidson (Washington Park), and philanthropist Michael Cudahy (Mitchell Park Domes).

In addition, several non-profit groups have provided supplemental support through volunteer labor, fundraising and in-kind contributions. A list of 66 support groups is presented as **Exhibit 3**.

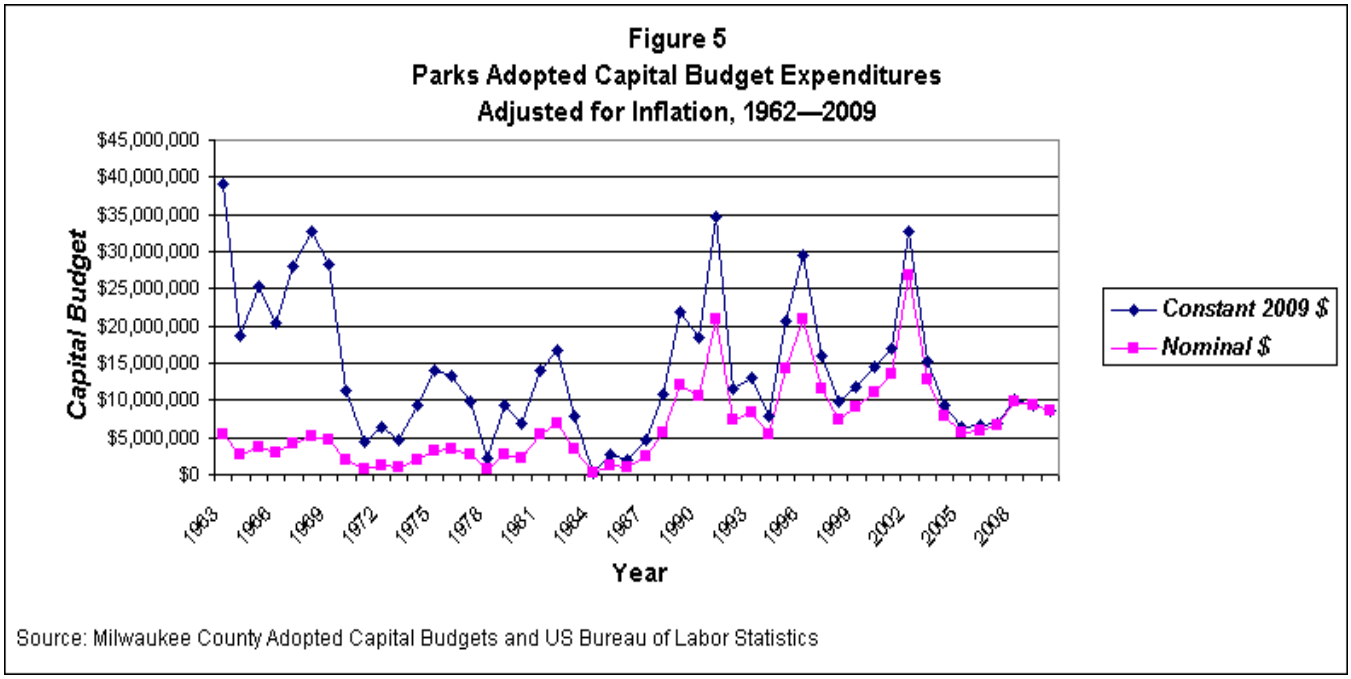
Capital Expenditures

Capital expenditures are those that relate to the addition of a permanent structural improvement or the restoration of some aspect of a property that will either enhance the property's overall value or increases its useful life. Capital expenditures are distinguished from annual operating expenses in that they generally reflect improvements or additions that have a useful life of many years, and are therefore eligible for financing over a period of years through the issuance of debt instruments (e.g., General Obligation bonds).

Capital expenditures budgeted for the Parks system have not been consistent over the years.

Capital expenditures budgeted for the Parks system have not been consistent over the years. In 1962, total capital expenditures budgeted for Parks (excluding the Stadium) was about $5.5 million. Ten years later, in 1972, the total was just under $900,000. In 1983, a total of just under $140,000 was budgeted for Parks capital needs, the lowest annual amount during the past 48 years. However, annual capital budgets for the Parks exceeded $20 million in three years: just under $21 million in both 1990 and 1995, and $26.7 million in 2001.

Figure 5 shows annual budgeted capital expenditures for the Parks system in both nominal and constant 2009 dollars.



Another way to look at the historical level of capital expenditures in Parks is to calculate an average annual capital expenditure by decade. **Table 1** shows, in constant 2009 dollars, the average annual capital budget for the Parks system during the 1960s, 1970s, 1980s, 1990s and 2000s.

Table 1
Average Annual Parks Capital Budgets
In Constant 2009 Dollars, by Decade
1962—2009

Decade	Average Annual Capital Budget
1960s*	$25,485,461
1970s	8,052,437
1980s	9,936,913
1990s	16,965,257
2000s	12,225,927

* No data available prior to 1962.

Source: Milwaukee County Adopted Budgets

Milwaukee County's average annual capital investment in its Parks system was much greater during the 1960s than in any other decade since.

Based on the figures presented in **Table 1,** Milwaukee County's average annual capital investment in its Parks system was much greater during the 1960s than in any other decade since. Moreover, the comparatively robust average annual investment of $25.5 million (in constant 2009 dollars) was followed by two decades during which the annual Parks capital budget averaged about $9 million, or about one-third the level of the 1960s. During the 1990s, Parks capital budgets averaged about $17 million annually, while in the present decade, they averaged $12.2 million. In real (inflation-adjusted) terms, the County's average capital investment in the Parks system during the past 10 years was less than half (48%) of its 1960s level.

New Construction vs. Major Maintenance

Additional detail was available for Milwaukee County capital budgets for the period 1980 to the present. Applying subjective but consistent judgment to classify capital projects as either new construction or some form of major maintenance (e.g., renovation, reconstruction, repair, etc.) we identified the percentage of capital expenditures dedicated each year for new construction vs. maintenance of existing infrastructure. That

information, expressed in constant 2009 dollars, is summarized in **Table 2**.

Table 2
Capital Expenditures Budgeted for Parks
New Construction vs. Major Maintenance in Constant 2009 Dollars
1980—2009
(in millions)

Decade	Total Dollars	New	Percent	Major Maintenance	Percent
1980s	$102.8	$81.3	79.1%	$21.5	20.9%
1990s	169.7	102.5	60.4	67.2	39.6
2000s	126.6	38.6	30.5	88.0	69.5

Source: Milwaukee County Adopted Capital Budgets and Bureau of Labor Statistics

The percentage of capital expenditures budgeted for Parks new construction vs. major maintenance fell from nearly 80% in the 1980s to about 31% in the 2000s.

As shown in **Table 2**, the percentage of capital expenditures budgeted for Parks new construction vs. major maintenance fell substantially over the past three decades, from nearly 80% in the 1980s to about 31% in the 2000s. The data also shows that, in real terms, total capital expenditures budgeted for Parks was much higher in the 1990s than in either the '80s or the current decade.

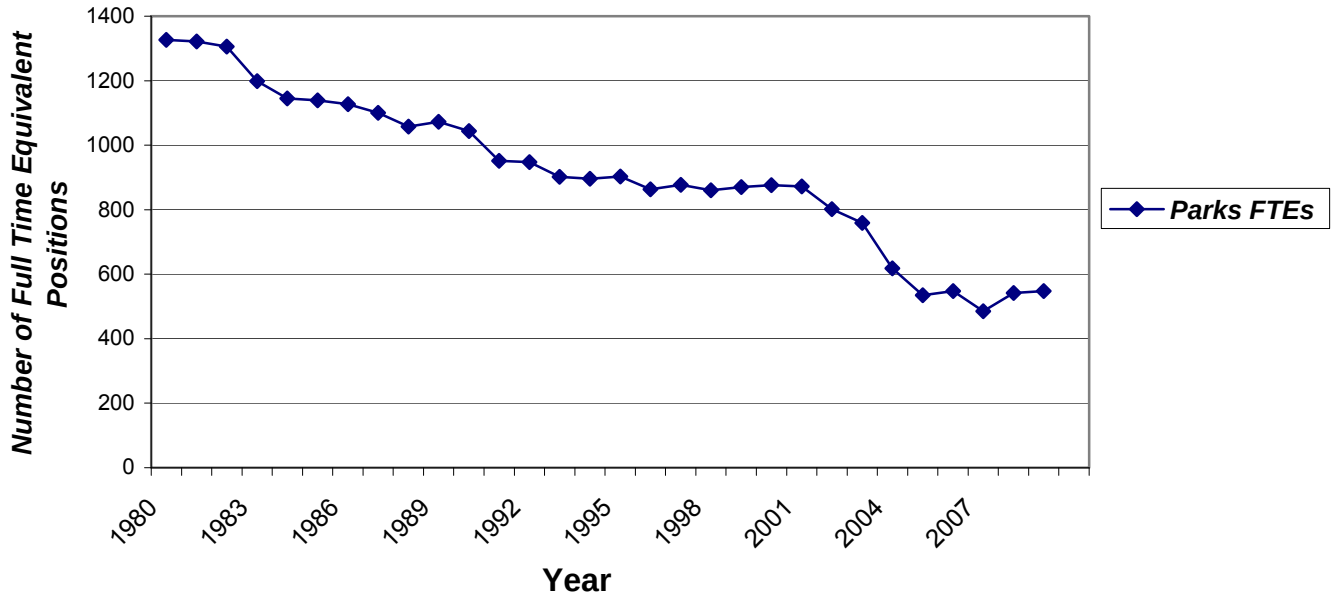
More importantly, the data show an increasing percentage of capital expenditures (the total of which are declining in real terms over the previous decade) is devoted to major maintenance of an aging Parks infrastructure. This pattern does not bode well, particularly in light of a growing backlog of deferred maintenance requirements for the Parks system, as well as Milwaukee County's well-publicized financial difficulties. The issue of deferred maintenance is discussed in detail in **Section 3** of this report.

Staff Resources

Additional analysis was performed for the period 1980 through 2009, for which available County financial records provide greater detail.

Data on the number of Full-Time Equivalent (FTE) staff positions budgeted for the Parks Department was available from 1980 to the present. Full-Time Equivalents are a measure of labor allocated to a department. The measure does not distinguish between full-time, part-time or seasonal positions. For instance, one FTE could be comprised of one full-time position, or two or more part-time positions totaling the equivalent of one full-time position (2,080 hours annually). **Figure 6** charts the number of FTEs budgeted for the Parks Department from 1980 through 2009.

Figure 6
Department of Parks Full Time Equivalent Positions
1980—2009



Source: Milwaukee County Adopted Budgets

In 2009, a total of 548 FTEs were budgeted for Parks, or less than half (41%) the number budgeted in 1980.

As shown in **Figure 6**, the number of FTEs budgeted for the Parks declined rather gradually but steadily from the 1980s through 2001. During that period, Parks FTEs ranged from a high of 1,327 in 1980 to a low of 860 in 1998, remaining relatively stable at 873 in 2001. Beginning in 2002, however, when FTEs were budgeted at 794, a steeper downward trend occurred, bottoming out at 486 in 2007. In 2009, a total of 548 FTEs were budgeted for Parks, or less than half (41%) the number budgeted in 1980. This pattern of reduced staffing continues in 2010, when 510 FTEs are budgeted for Parks, or about one-third the level in 1980.

Parks management noted that in recent years, the number of full-time (as opposed to part-time) positions have been reduced even more dramatically, resulting in greater reliance on part-time and seasonal positions. Further, management notes that skilled trades positions in particular have been reduced. These trends, in conjunction with the overall reduction in FTEs shown in **Figure 6**, negatively impact the department's ability to maintain its infrastructure.

Conclusion

Having compiled a number of broad indicators from County records that in some cases date back to 1962, a distinct pattern emerged. During the decades of the 1960s and '70s, Milwaukee County devoted an increasing amount of resources towards the development of a County Parks system that had evolved over parts of three centuries. Those two decades of steadily increasing resources were followed by a sustained decline over the 1980's, 1990s and continuing throughout the present decade.

It is clear that the infrastructure demands of the current system have outpaced available resources.

Coupled with the pictorial presented in **Section 1** of this report, which displayed both the jewels and the eyesores of the current Parks system, it is clear that the infrastructure demands of the current system have outpaced available resources.

This report provides independent corroboration of numerous others that have been presented to policymakers from a variety of sources since 2000. Each has served as warnings of a day of reckoning that has clearly arrived, and that demands a strategic decision on a future course of Parks stewardship. **Table 3** provides a listing of major reports that have addressed, in one form or another, the need for charting a new strategic course for the Milwaukee County Parks system. A brief synopsis of each report is presented as **Exhibit 4**.

Table 3

Publication Date	Title of Report and Author
March 2009	Milwaukee County's Fiscal Condition: Crisis on the Horizon? An independent third-party analysis (The Public Policy Forum)
November 2008	Cultural Asset Inventory of the Milwaukee 7 Region (A Report by the Greater Milwaukee Committee)
November 2008	Nonprofit Art & Culture Organizations (University of Wisconsin – Center for Urban Initiative and Research
November 2008	Milwaukee County-Funded Parks and Cultural Institutions – A Fiscal Assessment: 2000—2008 (The Public Policy Forum)
September 2006	Reforming Milwaukee County – A Response to the Fiscal Crisis (A Report by the Greater Milwaukee Committee)
December 2002	Public Spaces, Public Priorities an Analysis of Milwaukee County's Parks (The Public Policy Forum)
July 2002	Management Structure Review – Department of Parks (File No. 02-79) (Milwaukee County Department of Audit)
March 2001	Aquatic Masterplan Report for the Milwaukee County Dept. of Parks, Recreation and Culture (Water Technology, Inc. and The Center for Urban Initiatives and Research at the University of Wisconsin – Milwaukee)

Section 3: The County needs an improved process for ongoing assessment and prioritization of Parks infrastructure needs.

In 2008, the Parks Department reported that the accumulated deferred repairs and maintenance totaled $275.6 million. Our analysis of the support for that amount indicates the figure is inaccurate, with evidence that a significant portion of the estimate is overstated, while other portions may be understated. This raises concerns regarding the construct of the number. Despite these concerns, the Parks deferred maintenance figure likely exceeds $200 million, overwhelms available resources, and is rising. Addressing this issue will require the County to make tough decisions concerning the direction of the Parks system as a whole.

The Path to Deferred Maintenance

As previously noted, the County made a considerable investment in the Park system during the 1960s and 1970s. However, the amount that was provided to keep the infrastructure from deteriorating at an accelerated pace, though substantial, was insufficient to meet actual needs.

Increasing fiscal pressures stemming from the County's overall structural deficit fall particularly hard on discretionary quality of life items such as the Parks system.

For the past several years, the Parks Department budget for ongoing infrastructure maintenance and repair has been reduced even further. Instead of meeting actual needs, the maintenance and repair budget has been an amount designed to allow Parks management to meet an overall departmental target established during the budget process. Increasing fiscal pressures stemming from the County's overall structural deficit fall particularly hard on discretionary quality of life items such as the Parks system. Consequently, Parks management struggles to fulfill its core mission with fewer resources, posing difficult choices in prioritizing needs.

Prior to development of the 2010 budget, Milwaukee County's structural deficit was estimated at $78 million and was projected to reach $153 million in 2014. This imbalance creates pressure on Milwaukee County managers to put a lower priority on maintenance of buildings and land improvements so as to preserve delivery of services. Funding of maintenance is a tempting item to cut, because there may not be an immediate or critical consequence for deferring the costs to some future date.

Questionable Deferred Maintenance Estimates

The Parks Department is responsible for maintaining a wide range of types of infrastructure, including, but not limited to, multi-purpose buildings, pavilions, indoor and outdoor pools, boat slips, roadways, parking lots, bridges and beaches. The effect of not properly budgeting to meet the needs of this vast infrastructure can be seen in a report issued by the Public Policy Forum in 2008. Based on information provided by Parks management, that report discussed the cumulative amount of deferred maintenance as being $157,654,214 in deferred maintenance in 2006, jumping almost 75% to $275,645,902 as of 2008. The details behind these numbers come from several sources, summarized in **Table 4**.

Table 4
Reported Parks Accumulated
Deferred Maintenance/Replacement
2006 vs. 2008

	2006	2008	% Increase
DTPW – AE&ES – Site Development:			
Park Roads	$44,396,700	$66,595,050	50.0%
Parking Lots	23,130,698	31,422,000	35.8%
Shoreline, breakwater	10,590,000	15,885,000	50.0%
Golf courses	9,444,500	14,166,750	50.0%
Beaches	6,060,750	6,060,750	0%
Athletic Fields	5,773,000	8,659,500	50.0%
Ponds/lagoons	4,725,000	7,087,500	50.0%
Swimming & wading pools	4,258,000	6,387,000	50.0%
Stream banks	2,250,000	3,375,000	50.0%
Service Yards	2,118,732	3,281,784	54.9%
Bike Trails	1,821,600	2,732,400	50.0%
Boat launches (A & E)	892,000	1,338,000	50.0%
Basketball courts	-0-	5,740,000	N/A
Tennis courts	-0-	5,230,000	N/A
Walkways	-0-	3,813,040	N/A
Hiking trails	N/A	1,500,000	N/A
Subtotal	$115,460,980	$183,273,774	
DTPW – AE&ES – Support Services			
Buildings & Structures (VFA)	$19,143,039	$36,953,800	93.0%
DTPW – Transportation Services:			
Vehicle bridges	$17,755,664	$35,511,328	100.0%
Dams	760,000	1,140,000	50.0%
Storms & Sewers	N/A	5,000,000	%
Pedestrian bridges	N/A	1,400,000	%
Subtotal	$18,515,664	$43,051,328	
Parks Staff:			
Playgrounds	$2,934,531	$3,267,000	11.3%
Signage	1,600,000	1,600,000	0.0
Lighting (consultant report)	N/A	7,500,000	N/A
Subtotal	$4,534,531	$12,367,000	
Total Deferred Maintenance	**$157,654,214**	**$275,645,902**	**74.8%**

Source: Department of Parks and DTPW staff

As **Table 4** indicates, the source for most of the data comes from various divisions and units within the Department of Transportation and Public Works (DTPW). For example, Site Development staff maintains data relating to the repair needs for all outdoor pools, which are assessed annually. Similarly, Transportation Division staff assesses the condition of the Parks' roadways, parking lots and other hard surfaces on a rotating

basis. The remaining deferred maintenance amounts were generated by Parks staff and, for one item, by a consultant.

Analysis of Major Increases

The apparent accelerated amounts of deferred maintenance from 2006 to 2008 indicated potential problems with the manner in which the data was constructed.

The apparent accelerated amounts of deferred maintenance over the two years indicated potential problems with the manner in which the data was constructed. Of particular concern was the practice of reporting the total current replacement cost of certain types of infrastructure, regardless of their condition.

Hard Surfaces

To illustrate, the amount of reported accumulated deferred maintenance for Parks roads in 2008 was about $66.6 million. That figure does not, in fact, represent the amount of accumulated deferred maintenance. Rather, it is the estimated replacement cost for all Parks roads from 2006, increased by 25% each year, even for roads that had been recently replaced. Under this method, the amount that would be reported for accumulated deferred maintenance for Parks roads for 2010 would be $99.9 million, *even if every Parks road were to be replaced today*.

The following example can help highlight this issue. The condition of hard surfaces, such as roads and parking lots, is based on a 100-point surface rating system. The lower the score, the more the surface is in need of repair. Generally, there is an established rating point at which repair is considered necessary. For most hard surfaces, DTPW uses 40 as the point at which repair is considered needed. Included in the $66.6 million figure for 2008 is $1,469,100, ostensibly representing the accumulated deferred maintenance cost for three segments of Lincoln Creek Parkway. However, the most recent condition assessment performed in 2006 for these three segments showed a rating of 100, the highest condition rating possible. Yet the full replacement cost was included.

If reported accumulated deferred maintenance for hard surface infrastructure was limited to only those projects at or below the established threshold for repair, the reported amount would be about $68.8 million less, as shown in **Table 5**.

Table 5
Hard Surface Infrastructure
Accumulated Deferred Maintenance Costs for 2008
Full Replacement vs. Established Repair Standard*

	Full Replacement Cost	Standard* Replacement Threshold	Difference
Hard Surfaces:			
Park Roads	$66,595,050	$34,972,050	$31,623,000
Parking Lots	31,422,000	16,078,482	15,343,518
Vehicle bridges	$35,511,328	26,860,000	8,651,328
Basketball courts	5,740,000	560,000	5,180,000
Tennis courts	6,230,000	1,190,000	5,040,000
Walkways	3,813,040	1,632,750	2,180,290
Service Yards	3,281,784	2,886,038	395,746
Bike Trails	2,732,400	2,316,600	415,800
Total Hard Surface	**$155,325,602**	**86,495,920**	**$68,829,682**

* DTPW uses 40 on a scale of 100. To be conservative, 50 was used for this calculation.

Source: Department of Parks and DTPW staff

While the preceding analysis shows that a significant portion of the deferred maintenance cost estimate for Parks infrastructure is overstated, we found omissions and other factors that indicate the estimate may be understated by an undetermined amount.

Buildings & Structures

In 2001, the County invested in a property and building inventory software program.

The amount used for buildings and structures, $36,953,800, is based on an inventory record system that is not yet complete for the County as a whole or the Parks specifically. In 2001, the County invested in a property and building inventory software program provided by the firm Vanderweil Facility Advisors (VFA). VFA has been used to document the results of inventory and physical assessments for the vast majority of Parks buildings and structures. However, several Parks facilities have not yet

been included in these records. Parks management included an estimate of about $8.9 million for repairs associated with these locations of the total $35.4 million for buildings and structures, summarized in **Table 6**.

Table 6
Summary of Estimated Building Maintenance Needs
By Priority Level
As of November 2009

Priority Level	Amount
1 – Currently Critical	$6,374,522
2 – Potentially Critical	5,749,774
3 – Necessarily Not Yet Critical	5,548,080
4 – Recommended	7,822,507
5 – Does Not Meet Codes	984,778
Other (Estimate for non-assessed bldgs.)	8,934,215
Total Estimated Building Maintenance Needs[1]	$35,413,876

Note [1]: A computer file that would have provided the details supporting the $36.9 million reported in 2008 was lost when a hard drive crashed. An attempt to recreate the reported number resulted in some variation, because the data reported by VFA is routinely updated. As a result, the above figure does not match the $36.9 million amount reported in 2008.

Source: Report generated by VFA provided by Parks management.

As with hard surfaces, the entire repair and maintenance amount was used to calculate total deferred maintenance. Of the $35.4 million shown in **Table 6**, $7.8 million in recommended but not necessarily required maintenance was included.

Once a decision is made to repair a specific problem, the subsequent detailed cost estimate may identify other problems not noted in VFA, driving the cost estimate at times much higher than what is recorded by the system. As a result, the amount of deferred maintenance generated by VFA may be understated to some extent for conditions that later become known.

As an example, the data in VFA for a pavilion facility in Lindbergh Park identified $27,051 worth of repairs were needed. However, when the building was subsequently assessed for the planned repairs, the estimate rose to nearly $390,000, because repairing the initial problem would have required bringing the entire building up to code. As a result, the repairs were not performed.

Another example of deferred maintenance costs that may be understated in the estimate for Parks infrastructure relates to buildings and structures that are currently omitted from the VFA system, or whose cost estimates are outdated. A factor of 25% was included in the total building and structures category for omissions, but this figure lacks specificity and is not a reliable figure.

Further, VFA does not routinely include the cost of such items as American with Disabilities Act compliance or an estimate for unknown costs such as asbestos removal.

Other Issues

VFA also contains repair and maintenance costs associated with Parks swimming pools that are also reported by AE&ES in its annual pool assessment. For example, the swimming pool repair assessment for 2008 prepared by AE&ES Site Development staff included $1,050,000 for the McCarty Park swimming pool. Similarly, VFA also contains $1,248,426 for McCarty Park pool repairs. Though not necessarily a problem, the total amount of accumulated deferred maintenance of $276 million was not adjusted to eliminate the duplication.

VFA has a feature to estimate the amount of maintenance and repair funding needed for current and future years for buildings and structures. However, cuts in staff and funds to assess property needs have rendered this feature ineffective.

VFA has a feature to estimate the amount of maintenance and repair funding needed for current and future years for buildings and structures. This is done by taking into consideration numerous variables, such as square footage, building age and useful life. For the estimate to be meaningful, all properties need

to be assessed and the results input into VFA. However, cuts in staff and funds to assess property needs have rendered this feature ineffective, not just for Parks, but for other County infrastructure as well.

While VFA is a promising asset management tool, the amounts it includes as deferred maintenance costs is also overstated to some extent for instances when management implements less costly alternatives to repairing a building or structure. As the Parks Director pointed out, the cost to repair some buildings may outweigh the benefits to do so. As a result, the repair costs contained in VFA would be overstated to the extent that it exceeds the cost of cheaper alternatives.

Signage

The reported accumulated deferred maintenance and repair amount included $1.6 million as the cost to replace the familiar brown and yellow Parks System signs that contain the names of parks. According to Parks management, some signs are in need of repair, so an amount was estimated per park to replace all signs. Records were not available to identify how much of the $1.6 million represented a deferred maintenance amount.

Other Revenue Offsets

Discussion of the total amount of accumulated deferred maintenance would be enhanced by including the amount of outside revenue available to offset the reported cost.

Discussion of the total amount of accumulated deferred maintenance would be enhanced by including the amount of outside revenue available to offset the reported cost. For example, the reported $275.6 million in total accumulated deferred maintenance and repair costs included the full rehabilitation or replacement cost of $35.5 million for all Parks bridges. Of this amount, $16.3 million is eligible for 80% State and Federal matching funds under the Local Bridge Program.

Summary

The County does not have an accurate estimate of the total deferred maintenance needs for Parks infrastructure, although

available information suggests the figure is substantial and likely exceeds $200 million. The repetitive deferral of maintenance activities can negatively impact the expected useful life of the Parks infrastructure. The extent of this depends on how quickly the County can address the current accumulated deferred maintenance by investing a sufficient amount to prevent an accelerated rate of deterioration. It is not unlike owning an expensive car and ignoring the 'check engine' when it comes on. By not budgeting for maintenance and repair based on actual needs, management loses accountability over the assets it is responsible for maintaining and contributes to a growing amount of deferred maintenance.

During the 2010 budget deliberations, the Parks Director characterized the department's preventative maintenance program as one that repairs something after it breaks rather than providing ongoing maintenance to preserve its useful life. According to Parks management, budget requests over the past few years for capital repairs have focused on repairing or replacing assets that generate revenue or those involving safety issues, rather than budgeting for what is actually needed to maintain its assets.

The Parks infrastructure will continue to deteriorate unless steps are taken to address the backlog of needed maintenance, repairs and replacements.

However, this and previous major reports raise serious questions regarding the ability of Milwaukee County to properly maintain the current Parks system infrastructure.

The Parks infrastructure will continue to deteriorate unless steps are taken to address the backlog of needed maintenance, repairs and replacements. Positive steps have been taken to address deferred maintenance. The 2010 Adopted Capital and Operating Budgets include specific funding totaling $950,000 to assist the Parks Department in reducing the backlog of deferred maintenance projects, funded by County land sales. However, information presented in this and previous major reports raise serious questions regarding the ability of Milwaukee County to properly maintain the current Parks system infrastructure.

The next section of this report presents our conclusions and options for policymakers to consider in choosing a future course

for stewardship of the Milwaukee County Parks system. However, a proper strategic decision on the future of the system cannot be made without accurate data concerning the condition and requirements of the Parks infrastructure.

Parks officials expressed reservations about relying heavily on another County department for Parks infrastructure cost estimates, and suggested someone with Parks expertise could be more cost effective and better suited for the task. However, DTPW has professional architects and engineers that service the entire County, and a uniform assessment protocol for the entire County infrastructure is an important concept to maintain when policymakers allocate scarce resources across departmental lines. Therefore, it is important for the County Parks and Public Works departments to work cooperatively in this endeavor.

To provide a sound basis for strategic decisions by policymakers, we recommend that Parks management:

1. *Work with DTPW to develop a comprehensive, accurate and updated list of Parks infrastructure maintenance needs. This will require completing the inventory and facility condition assessment for all Parks locations.*

2. *Work with DTPW to develop an appropriate condition assessment cycle for buildings and related equipment contained in the VFA system, and follow it.*

3. *For reporting of accumulated deferred maintenance, include only amounts that represent current rather than future repair and maintenance needs. Include information on outside revenue sources available to offset reported costs.*

4. *Work with DTPW to use the VFA system to record the results of pool condition assessments, and avoid duplicating the reporting of deferred pool maintenance.*

Section 4: Options for consideration in choosing a future course for the Milwaukee County Parks system.

In November 2008, Milwaukee County voters were asked, in an advisory referendum, if they favored a one percent county sales tax increase to fund parks, transit, emergency medical services and property tax relief. The advisory referendum passed, 51% to 49%. However, the State Legislature and the Governor has not approved enabling legislation to authorize this additional taxing authority for Milwaukee County.

The information presented in this audit report suggests the time has arrived for a strategic decision on a future course for stewardship of the Milwaukee County Parks system.

While the potential for enactment of some form of legislation to provide dedicated funding for the Milwaukee County Parks system remains, such legislation is not imminent. The information presented in this audit report suggests the time has arrived for a strategic decision on a future course for stewardship of the Milwaukee County Parks system.

Based on our review of the current condition of the Milwaukee County Parks system infrastructure and nearly 50 years of related financial trends, we concluded the following:

- ***Current resources are inadequate to properly maintain the current Milwaukee County Parks system infrastructure.*** The pictorial presented in **Section 1** of this report is clear evidence of this fact, as are the financial trends presented in **Section 2**.

- ***A comprehensive, accurate and updated list of Parks infrastructure maintenance needs is necessary.*** The shortcomings identified in **Section 3** of this report must be addressed to provide a sound foundation for making critical resource allocation decisions. This information will be necessary to distinguish costs for critical needs from costs that potentially can be mitigated or avoided altogether.

- ***Proper stewardship of the Milwaukee County Parks system requires alignment of the system's infrastructure needs with available resources.*** This alignment can be achieved through a variety of options, several of which have already been employed in varying degrees.

Options for Consideration by Policymakers

1. *Establish criteria for determining whether a facility should be fixed or demolished.*

   Numerous items on the current Parks system deferred maintenance list are buildings, storage shacks, restrooms, etc. that are no longer used and are not essential.

2. *Replace some current facilities with alternative structures that have lower construction and/or maintenance costs.*

   Certain structures on the Parks system deferred maintenance list, such as brick service buildings and many permanent restroom facilities, were constructed decades ago and could be replaced with less expensive construction materials or downsized significantly. Replacement of the former Coast Guard building on the lakefront with a pavilion is an example of this strategy.

3. *Expand opportunities for the types of public/private partnerships that have successfully leveraged private capital in the maintenance and improvement of several Parks locations.*

   As noted in this report, the current Parks Director has forged several positive relationships with local businesses and philanthropists, to the financial benefit of the Parks system. Such public/private partnerships can play a key role in mitigating the impact of the long-term trend of declining public resources available for support of the Milwaukee County Parks system.

4. *Undertake a comprehensive assessment of current and future Parks developments, taking into consideration alternatives to reduce overall infrastructure costs. Another alternative that could be considered in this assessment is the potential for divestiture of some County parkland. Divestiture could take the form of sale for development, or transfer to a municipality or non-profit entity for continuation or development of recreational use. Various restrictions*

associated with the original acquisition of parkland (e.g., federal funding requirements, deed restrictions on donated land, etc.) could prohibit or severely restrict divestiture options for many Park system holdings.

The Parks Director has advocated for a return of some currently developed Parks land to a natural state to lower maintenance costs in a draft report titled *Park and Open Space Plan 2035*. Currently, approximately 9,000 of the nearly 15,000 acres of parkland are developed. Additional features of an overall strategic vision under development by the Parks Department concentrate on revenue-generating centers, such as regional water parks and multi-plex athletic fields, in lieu of scattered, smaller venues. While much of that vision holds great promise, an accurate assessment of the current and future maintenance costs of such facilities must be identified so that policymakers can evaluate the plan in context of the existing infrastructure needs.

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Exhibit 1

Audit Scope

The objectives of this audit were to provide an independent evaluation of the current state of the Milwaukee County Parks system infrastructure; to scrutinize reported figures of approximately $300 million in deferred maintenance costs; and to provide policymakers with options for addressing current and future infrastructure needs. The audit was conducted under the standards set forth in the United States Government Accountability Office *Government Auditing Standards (2007 Revision).* We limited our review to the areas specified in this Scope Section. During the course of the audit, we:

- Obtained and analyzed operating and capital budget information for the County as a whole and the Parks Department in particular for available financial and full-time equivalent staff information for the period 1962–2009;
- Used this information to prepare various trend analyses highlighting the extent to which the Parks system has been supported over the years;
- Conducted internet research to identify studies and audits from other jurisdictions related to the issue of accumulated deferred maintenance and repairs;
- Reviewed and summarized prior audit reports and studies specific to the Parks Department issued by outside organizations that discussed issues related to Parks funding and infrastructure concerns;
- Reviewed historical documents highlighting the history of the Parks system;
- Identified and summarized available amenities at all 156 County parks;
- Toured and took photographs of 67 County parks and related facilities and took photographs of items of interest;
- Interviewed Parks management and staff concerning specific parks selected to highlight a range of maintenance issues;
- Interviewed Department of Transportation and Public Works (DTPW) staff involved in the assessment of Parks infrastructure and related cost estimates for repair or replacement, and reviewed reports related to their work;
- Analyzed information used by Parks to compile the total amount of accumulated deferred maintenance and repairs used in published reports; and
- Reviewed the County's buildings and structures inventory system to identify the amount of repairs and maintenance associated with Parks facilities.

Milwaukee County Parks System Inventory

Exhibit 2

Number of Parks	156
Acres	14,946

Neighborhood Parks	
Pavilions/Rental	42
Splash Pads	6
Wading Pools	33
Pools	11
Basketball Courts/Multiuse	89
Baseball	25
Softball	66
Little League	15
T-Ball	3
Scrub Baseball/Softball	26
Soccer	59
Scrub Soccer	6
Tennis	90
Rugby	4
Football	12
Bike Trails/Hiking	153 miles
Campgrounds	1
Playgrounds /Play Area	112
Picnic	168
Inline Hockey	2
Lawn Bowling	1
Volleyball	31
Archery	5
Exercise Course	4
Ice Skating	11
Cricket	2
Dog Exercise Area	4
Historical Sites	24
Cross Country Skiing	3
Tobaggan Track	1

Specialty Parks	
Water Parks	3
Boat Launch/Marina	4
Golf	15
Beach	7
Horticultural Theme	2
Commuity Center	2
Senior Centers	4
Sport Complex	2
Disc Golf	4

Other	
Administration	1
Service Areas	38
Roadway Miles	120
Parking Lot Area	133

As of December 2009

Exhibit 3

Parks ‘Friends’ Groups

Bay View Neighborhood Association
Bicycle Federation of Wisconsin (BFW)
Brady Street Improvement District
Friends of Boerner
Friends of Bradford Beach
Ceaser's Park Watch
Center Street Park Watch
Clark Square Neighborhood Association
Cooper Park Neighborhood Association
Friends of Dineen Park
Friends of the Domes
East Town Association
Friends of Estabrook Park
Euclid Park Watch
Friends of Franklin Park
Grant Park Watch
Friends of Grant Park
Grant Park Garden Club
Friends of Greenfield Park
Greenfield Jaycee
Friends of Hales Corners Pool
Friends of Holler Park
Friends of Hoyt Park and Pool
Humboldt Park Watch
Jackson Park Neighborhood Association
Jackson Park Watch
Friends of Jacobus Park
Friends of Johnson's Park
Kern/Pleasant Valley Park Watch
Friends of Kletzsch Park
Friends of Kohl Park
Kops Park Watch
Friends of LaFollette Park
Lake Park Friends
Mayfair Rotary Club
Friends of Lindbergh
Friends of Lindsay Park
McBoat (McKinley Marina)
McCarty Park Watch
Friends of Mill Pond
Friends of Milwaukee's Rivers
Nash Park Watch
Neighborhoods United for Washington Park
North Point Lighthouse Friends
Park Knoll
The Park People
Partners in Parks
Patrick Cudahy Park Friends
Preserve our Parks
Pulaski Cudahy
Riverwest Neighborhood Association
ROMP
Saveland Park Watch
Sheridan Park Friends
Sherman Park Community Association
South Shore Park Watch
Story Hill Neighborhood Association
Tippecanoe Park Watch
Friends of the Trails
Tosa East Towne Neighborhood Association
Friends of Vogel Park
Washington Heights Neighborhood Association
Westown Association
Wisconsin Avenue Neighborhood Association
Friends of Wehr Nature Center
Wilson Park Neighborhood Association

As of December 2009

Exhibit 4

Major Reports Related to Milwaukee County Parks Infrastructure 2000 – 2009

Publication Date	Title of Report and Author	Report Conclusions Related to Parks Deferred Maintenance
March 2009	Milwaukee County's Fiscal Condition: Crisis on the Horizon? An independent third-party analysis By the Public Policy Forum	An assessment of Milwaukee County's current fiscal condition showed that while Milwaukee County's budget technically has been in balance in recent years, short term measures have been utilized and structural problems have worsened. The report notes that the County has depleted reserves and built a significant backlog of deferred maintenance and infrastructure repairs that continue to rise.
November 2008	Cultural Asset Inventory of the Milwaukee 7 Region By the Greater Milwaukee Committee	This report, which also includes the following two companion reports, was spearheaded by the Greater Milwaukee Committee. It surveyed and evaluated the arts and cultural assets of Southeastern Wisconsin by reviewing and analyzing key indicators and trends related to fiscal and physical health of the cultural sector. The inventory revealed that a growing number of institutions are struggling to survive due to decreasing public and private support, and increased competition. The report noted that the amount of deferred Parks infrastructure maintenance and repairs rose from $158 million in 2006 to $277 million in 2008. In the report, the Parks Director indicated that prioritizing through a building/land use plan would likely reduce that number. The report also noted the fact that Milwaukee County's tax levy support for Parks recreation and culture was four times greater than the other six southeastern Wisconsin counties combined.
November 2008	Cultural Audit of Greater Milwaukee Nonprofit Art & Culture Organizations By the UW - Milwaukee Center for Urban Initiative and Research	Responses to a survey by 25 non-profit organizations in the seven-county southeastern Wisconsin area provided insights as to achievements, audience trends, finances and physical infrastructures. It noted that the Parks Department has had some success in partnering with organizations to reach financial goals in renovations; however, other non-profit organizations are also competing for funding by launching fundraising campaigns to repair infrastructure problems in facilities.
November 2008	Milwaukee County-Funded Parks and Cultural Institutions – A Fiscal Assessment: 2000 – 2008 By The Public Policy Forum	Major maintenance and basic infrastructure repair needs are significant and growing for Milwaukee County Parks, totaling $276.6 million in 2008. Factors cited as contributing to this amount included diminishing attendance at pools and golf courses, dependence on a property tax levy funding source that has diminished by two-thirds during the past 30 years, a debt issuance policy initiated in 2003 that limits Parks funding for capital improvements, and fiscal pressures related to increased pension and health care costs.

Exhibit 4

Major Reports Related to Milwaukee County Parks Infrastructure
2000 – 2009

September 2006	Reforming Milwaukee County – A Response to the Fiscal Crisis By the Greater Milwaukee Committee	A task force initially convened to perform a financial review of the County parks led to an in-depth review of the entire County's fiscal issues, as it concluded that many of the property tax supported functions were in serious jeopardy. It concluded that "Milwaukee County must get on track of a steady balanced budget that provides growth in high quality services. Excessive expenses must be lowered and controlled. Tax increases should be a last resort. If the cost of living and doing business in Milwaukee County exceeds the cost of surrounding counties, population and jobs are lost. At that point, our quality of life erodes for all Milwaukee County residents and the cycle of decline builds a dangerous momentum." The report noted that due to huge cost increases relating to healthcare and pension for County active and retire employees has resulted in 14% reduction in tax levy dedicated to the services that people care about most – parks, transit, zoo and cultural amenities.
December 2002	Public Spaces, Public Priorities An Analysis of Milwaukee County's Parks By the Public Policy Forum	This report focused on Park's resources and the County's stewardship of those resources by examining the history, finances, staffing, and governance structure of Milwaukee County Parks. The report made several statistical comparisons of Parks operations from 2000 to previous years and decades, highlighting the decrease in the County's financial commitment to Parks. The report discussed alternative funding options, including a dedicated sales tax and an independent funding authority for Parks. The report also included an assessment of 52 parks in comparison to the surrounding neighborhood characteristics. It found wide variations from park to park in terms of general features; recreational activities offered; the quality and quantity of green spaces; the quality of non-green spaces and overall standardized scores. It also concluded there was a significant relationship between condition of the parks and the demographic characteristics of the neighborhoods that surround them. Higher-rated parks tend to be situated in wealthier, suburban neighborhoods; lower-rated parks tend to be found in lower-income, minority, and urban neighborhoods.
July 2002	Management Structure Review - Department of Parks (File No. 02-79) By the Milwaukee County Department of Audit	This report looked at the effect on Parks' management structure from the large number of anticipated retirements. It noted that funding required to maintain an aging and expanding infrastructure have risen, while funding for operations has steadily declined in real terms and would likely continue. As a result, major policy decisions need to be made regarding Parks' funding and the size and nature of its infrastructure to successfully steer the department into the future. Delays in deciding upon a course of action will make later choices more costly and more difficult to implement.

Exhibit 4

Major Reports Related to Milwaukee County Parks Infrastructure 2000 – 2009

March 2001	Aquatic Masterplan for the Milwaukee County Department of Parks, Recreation and Culture	The aquatics master plan was created by Parks to provide future direction for Parks swimming pools. Parks contracted with Water Technology, Inc. (WTI), an aquatic planning, design and engineering firm to conduct a study of Milwaukee County pools, and the Center for Urban Initiatives and Research at the University of Wisconsin – Milwaukee (CUIR) to administer surveys to Milwaukee County residents. The master plan concluded that that existing pool facilities **do not** meet the need in terms of public interest, design structure or revenue production. It recommended closing seven pools and creating two large water parks, and to renovate some facilities to fill gaps. Capital expenditures to complete the master plan needs is estimated at $35 million in 2001 dollars. The ultimate goal once the master plan is completed, is to eliminate reliance on tax levy for all aquatics operations.

Milwaukee County PARKS

Milwaukee County
Department of Parks, Recreation and Culture
Scott Walker, County Executive • Sue Black, Director

Exhibit 5

December 30, 2009

Jerome Heer
Director of Audits
2711 W. Wells Street
9th Floor
Milwaukee, Wisconsin 53233

Dear Jerry:

We would like to thank the Audit Department for undertaking this review and respectfully accept the report. We look forward to a rich discussion in the future understanding that addressing our deferred maintenance issues is a top priority for the Department.

As a world-class park system, our goal is to preserve the legacy that Olmstead and Whitnall passed on to our generation. As the current stewards, we are responsible for what we pass on to the next generation.

Happy New Year!

Sincerely,

Sue Black

Sue Black
Director, Department of Parks, Recreation and Culture

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