

Veto Explanation for the Arena/Event Center

It is important to acknowledge all the hard work and vision that has gone into the arena/event center. Racine needs to redevelop with new projects if we are to grow and take advantage of the changes that are coming to the area. Finding ways for families to visit Racine and spend money here is a good goal for the City to have. After reviewing the proposal with more scrutiny, I have listened to additional proponents and opponents of the plan. I remain convinced that, while the vision of the project is laudable, both the financial risk of the plan and the overwhelming public opposition to it lead me to this veto.

FIRST, ON THE MERITS OF THE PROPOSAL, IT IS NOT A FINANCIALLY SUSTAINABLE PLAN

I have several concerns about the viability of the proposed financing of the project. The Council has enumerated 10 points it must achieve before moving forward with the arena/event center. While I do not believe these ten points are sufficient to ensure the success of the project, I wanted to address my concerns with several of them.

The Limits of the TID

The proposed development of the arena/event center tax incremental district (TID) is too expensive and draws too broadly from other parts of the City. The first bill I ever passed as a Legislator was a bill to extend the life of the former Walker Muffler site for ten years. I did so at the assurance that the City would use those resources to redevelop *that* site. This arena/event center proposal removes the increment from the Walker site to help pay for the arena TID. While it is legal for Racine to do this, it was not the intended purpose of the legislation.

Similarly, the arena/event center TID pulls increment resources from other parts of the city to finance it. This exposes too much of our increment dollars into one project. I served as a Commissioner to the Redevelopment Authority more than a decade ago. At that time, development lagged because we were spending years paying off failed TIDs. I am concerned that the City putting so much TID in one development could put Racine in a similar situation. Proponents of the arena/event center may not think that will happen. Given the failure rate of similar projects across the country, it should be acknowledged as a distinct possibility.

Use of Intergovernmental Shared Revenue Funds

Using *some* amount of these resources could be viable for a project like this one. Using so much of it at the expense of almost everything else means there are fewer resources for other future projects.

Secure \$365,000 Annually from the County or Other Sources

The County is not at this point interested in contributing to this project. Without the County there is not an identified source for the additional resources required.

Other Points Not Yet Achieved

The outstanding ten points not yet met are the biggest sources of revenue. Currently, there is no identified hotel developer, no sale of naming rights, and no assurance of use of the hotel occupancy for this project. While proponents may ask for more time to try to achieve those things, I would urge Aldermen to consider what that delay means for development possibilities of other projects and sites.

The Ten Points are Insufficient

The identified funding sources are varied and tentative. Even if all ten points are met, if even one of the funding sources collapses or diminishes, the project becomes unviable. This would leave Racine taxpayers liable, jeopardizing future development projects.

Cost of Operation

The cost of operations to run the arena/event center is generously estimated to be over \$200,000 a year. While in comparison to big departments like police and fire that seems like a modest number. However, those operation costs come on the heels of cuts to hours and staff at our community centers and library. Without an identified source of income for operations, I am concerned the arena/event center could mean more cuts to community centers and libraries. This was a concern often brought up by voters as well.

Construction Costs Will Rise

With the entry of Foxconn into our area, construction costs are likely to rise. That makes the total price tag of \$55 million very conservative. If the construction costs are more than anticipated, there is no clear plan how to address those additional costs.

SECOND, THE VOTERS OF RACINE STRONGLY OPPOSE THIS PROPOSAL.

While not identified as one of the 10 points, building public support for this project should have been one of them. It is the voters, ultimately, who will pay for this. It is from the voters our consent to govern arrives. Voters overwhelmingly oppose this idea. In the course of the campaign, people brought up their opposition to the arena/event center, unprompted, in every neighborhood throughout the City. While their reasons for opposition varied, lack of support is ubiquitous.

Some think it is a waste of taxpayer money. Others feel that the resources would be better spent adding staff to the community centers, the library, or improving the infrastructure of the City. Regardless of the reason, the opposition to the arena/event center are broad and deep. To date, I have met more Aldermen who support the proposal than voters.

If a proposal of this magnitude is to succeed, it will require the enthusiastic support and patronage of City residents. That does not exist. The special election for mayor was less than a month ago. All candidates for mayor opposed it. To ignore the strong sentiment of the voters weeks after an election would be reckless.

There are exciting development opportunities ahead of us. We cannot jeopardize all that we can accomplish together by alienating those who elect us for a financially unsustainable and politically unpopular project.