

Annual City Budget Impact of Proposed Overture Center Agreement

Based on 11/4/10 LEASE AND OPERATING AGREEMENT TERM SHEET

Agreement Provision	Description	Past & Current Practice			Proposed Agreement		
		2009 Actual	2010 Budget	2011 Exec Budget	2012 Estimated	Estimated ^A Future Years Excluding Debt Service On Capital Purchases	Estimated ^A Future Years Including Debt Service On Capital Purchases
Operating Subsidy	Subsidy from City General Fund to support Overture Center operations	\$ 1,795,873	\$ 1,795,873	\$ 1,795,873	\$ 1,908,400	\$ 1,908,400	\$ 1,908,400
PILOT	Payment in lieu of taxes from MCAD to City to replace property taxes that would otherwise be paid by a taxable private entity	(498,400)	(498,400)	(498,400)	-	-	-
Rent	Payment from 201 to City as rent for use of the City owned facility (replaces PILOT)				(498,400)	(498,400)	(498,400)
	Net Operating Subsidy	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,410,000</u>	<u>\$ 1,410,000</u>	<u>\$ 1,410,000</u>
Additional City Insurance Costs	Estimated City costs for property and liability insurance associated with ownership of the Overture building				100,000	100,000	100,000
Property Insurance Reimbursement	201 would reimburse the City for the property insurance portion of insurance costs				(85,000)	(85,000)	(85,000)
Maintenance Employee Compensation	Estimated City cost of wages and benefits to provide current maintenance employee staff level				843,000	843,000	843,000
Major Capital Maintenance Expenses	Estimated City costs in addition to employee compensation related to long term capital maintenance				150,000	150,000	150,000
Custodial & Maintenance Service Contract	Contract payment from 201 to City for maintenance services				(818,801)	(818,801)	(818,801)
\$385,000 Outstanding Unfunded Prior Pension Liability	Portion of unfunded WRS prior service liability currently paid by MCAD, repaid over 10 years				38,500	38,500	38,500
201 Share of Unfunded Prior Pension Liability	201 Assumes and Pays 50% of the MCAD Pension Liability				(19,250)	(19,250)	(19,250)
Sick Leave Payout	Payout of accrued sick leave value to current employees age 52 or older on 7/1/12				380,000	-	-
Comp Time Payout	Payout of accrued compensatory time off to current employees on 7/1/12				35,000	-	-
Vacation Payout	Payout of accrued vacation time off to current employees on 7/1/12				115,000	-	-
201 Share of Vacation Payout	201 Assumes and Pays 50% of the accrued vacation value, repaid over 10 years				(5,750)	(5,750)	(5,750)
	Annual Operating Cost	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 2,142,699</u>	<u>\$ 1,612,699</u>	<u>\$ 1,612,699</u>
Debt Service on Long Term Capital Purchases	The City becomes responsible for the long term capital maintenance of the Overture facility. Capital costs would be financed with long term debt like other City capital budget items. The figure displayed is the average estimated annual debt service over the next 15 years.				-	-	413,000
	Total Annual City Budget Impact	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 2,142,699</u>	<u>\$ 1,612,699</u>	<u>\$ 2,025,699</u>

^A Future year amounts are expressed in current (2012) dollars, although the proposed agreement provides for annual inflationary adjustment of most material factors.