

**Overture Ad Hoc Committee September 23, 2010**  
**Discussion on Legislative File 19944**

City of Madison Staffing Study for the Overture Center: An Analysis of Various Operating Structures for the Overture Center - Brad Wirtz, Human Resources Director and Mike Lipski, Compensation & Benefits Manager

Brad Wirtz, City of Madison Human Resource Director and Mike Lipski, City of Madison Compensation & Benefits Manager provided a brief overview of their report with the members of the Overture Ad Hoc Committee.

Mr. Wirtz noted that their mission, as defined by the August 3, 2010 resolution adopted by the Common Council, was to put together a staffing study, including several potential models and associated costs of those models. They were not charged with evaluating the business plan but asked to put together several models for the Council and the Overture Ad Hoc Committee to review. Their goals were to provide useful and relevant information, comparing and contrasting city personnel policies with policies of the nonprofit. They wanted to present facts and avoid making subjective arguments, leading assumptions, and recommendations.

Mr. Wirtz and Mr. Lipski then presented five potential models, various staffing options and assumptions and projected costs.

They were able to gather information from representatives from Fox Cities Performing Arts Center as well as the Marcus Center for the Arts in Milwaukee (both nonprofit performing arts centers).

AMS provided them with a focus model. AMS also reviewed the draft document and the final document and provided some input. In addition, they also contacted representatives from the National Labor Relations Board to verify some of their thoughts with regard to collective bargaining and labor relations in the private sector.

They also reviewed a compensation study put together by AMS Planning and Research, another compensation study by McQueen and Associates, reviewed the website at the Department of Labor, Bureau of Labor Statistics, and reviewed city ordinances and personnel rules as well as nonprofit personnel, one of the nonprofit personnel manuals that one of the nonprofits provided them to use in developing their study.

The first thing they looked at was budgeted staff, and they did find that both the nonprofits that they looked at had a higher level of part-time employee and a lower level of full-time employees.

There were also some differences with regard to labor relations. Currently, the Overture Center is unionized, represented by AFSCME and IATSE Local 251. AFSCME has permanent staff as well as several hourly security officers, box office cashiers, custodians, and administrative staff.

If a nonprofit route were chosen, initially, the facility would be nonunion, and the nonprofit would have the ability to accept the initial terms and conditions of employment for staff in that organization. If the nonprofit hired a majority of the employees from the Overture Center, they would, in all likelihood, have to recognize the unions that existed prior to their being taken over by a successor organization (Mr. Wirtz noted that this was one of the things that they verified with the National Labor Relations Board.)

Another important distinction is that Overture Center is currently considered public sector employer and falls under the Wisconsin Employment Relations Commission jurisdiction. Nonprofit employees' collective bargaining would fall then under the National Labor Relations Board jurisdiction.

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Mr. Wirtz stated that they looked at hiring, layoff, and grievance rules. He noted that the city has a well established set of personnel rules, civil service process for hiring, layoffs generally happen by seniority. The city also has grievance procedures in their labor contracts and for their non-represented employees. If the Overture Center were nonprofit, they would be allowed to establish their initial terms and conditions of employment, and that would include how they wanted to hire people, how they wanted to look at layoffs and whether or not they wanted to have a grievance procedure.

Another important distinction was, that as a government entity, the Overture, are civil service employees (with the exception of the director), and they have a property right to their job. . So an employer, in order to remove that employee from their position requires due process or what the City calls "just cause". He stated that in all likelihood a nonprofit organization, those positions would be "at will" and employees could be disciplined and terminated for any nondiscriminatory reason.

Mr. Wirtz noted that in terms of wages and benefits, the largest contrast between what you would see at the city right now and what you would see at the organizations that they looked at was the number of permanent employees versus the number of hourly employees. Also benefit rates were lower and one reason may be that the city has different standards for hourly employees.

Mr. Wirtz stated that one of the last differences they reviewed was leave time and there were some similarities in this category. The city had very similar paid holidays to the organizations they looked at.

Mr. Wirtz then reviewed the five models.

Model 1 – Overture As Is - \$5,456,699 – this was based on the 2010 operating budget. It incorporated the positions that the city employs currently and also incorporated the positions that the 201 State Foundation employed. This did not necessarily mean that the employees were there right now, but the budgeted positions were there. This model used the city benefit rates. The city benefit rate is 40.9 for permanent employees, 11.3 for hourly positions.

Model 2 – Non-Profit - \$5,154,145 – Mr. Wirtz noted that this was not a perfect model but was a model that you could potentially see if Overture Center were a nonprofit organization. This model incorporated the general practices that were discussed previously; the box office cashiers and custodians were converted to the hourly part-time employees and some of the administrative positions that work under 30 hours were converted to part-time, hourly employees. They had to add some positions back. They added an HR position and one of the HR positions was converted to an IT position, (similar to what you see in the Focus Model). They also applied a 26% benefit. Mr. Wirtz noted that the two main differences between the current model and the nonprofit model was the greater use of hourly employees or part-time employees plus the lower benefit rate. The similarities were the \$300,000 or so difference or roughly 6% was the addition of the HR and the two IT positions. The differences and the similarities added together bring the differences between Model 1 and Model 2 at 6% difference or a \$33,000 difference.

Model 3 – Non-Profit with Custodial/Maintenance as City Employees - \$5,502,978 & Model 3 and the Focus Model - This model, in a most general structural sense, is similar to what you would see in the Focus Model. They made a lot of different assumptions with regard to how to staff this model (as there's a lot of different ways that you can staff an organization). Mr. Wirtz clarified that even though this model was similar to the Focus Model the compensation tables were very different. In the Focus

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Model the compensation table has a \$4,317,024 cost for staff. Mr. Wirtz noted that the Focus Model takes out the cost of stagehands, which was about a \$1.1 million cost. The Focus Model does incorporate an additional \$45,000 for contracting of payroll and HR services, but they don't include it in the compensation table, so it doesn't show up there. Mr. Wirtz stated that they wanted to show the committee members that there wasn't a substantial difference in the two models, even though they're staffed entirely differently. They took out the cost of stagehands, as well as that \$45,000, and when you did that, the difference in the two models is just under \$25,000 or really a fraction of a percent (.58%)

The organization can be staff differently but have very similar costs. The difference was the number of full-time vs. part-time employees. He noted that the \$4.3 million estimate was probably a fairly reasonable estimate for purposes of modeling because in their staffing study they realized you could staff the organization using this general structure at that general cost and you would find the same in the focus model.

Model 4 – Non-Profit with Represented Staff as City Employees - \$5,720,930 - Mr. Wirtz noted that this is the only model he would not know how the city would manage the employees. He did not see how you have city employees reporting to nonprofit employees

Model 5 – Non-Profit Staffing with All City Employees - \$5,811,058 – Mr. Wirtz stated that this would take all the employees from the Focus Model and make them city employees.

Mark Bugher asked about difference of \$1.1 million between the Focus Model and Model 3. He wanted to understand who compensated the stagehand salary, the city or the touring company. Mr. Wirtz replied that the city pays the stagehand salaries but the costs are passed onto the touring companies/acts so there is not a major cost impact to the city.

Paul Soglin asked if the stagehands, on an average, were to be compensated 10% lower or 10% higher, while that would change the number, when you offset the revenue with the expenses, it was a wash. He noted that it made a difference to the show coming in how much they paid the stagehands but it did not affect any of the numbers in the models. Mr. Bugher noted that it could conceivably be reflected in ticket prices.

Mr. Lipski noted that it was the same number in each of the five models so the stagehand number didn't change in any of the five models.

Pablo Sanchez questioned why they chose the two entities they did and did not contact entities in Chicago or other areas nationally. Mr. Wirtz stated that they were able to contact two Wisconsin nonprofit performing arts centers that were willing to talk to them and were the most relevant in proximity to the Overture Center

Warren Onken asked if they could provide a cumulative benefits total. He added it up and there was a huge difference between the two. For example, in the Focus Model the benefits rate for custodial governmental employees was figured at 26% vs. 40%. He asked if that was the way it should have been assumed in the Wolff report. Steven Wolff stated that the focus model presumed that those employees would stay with the city, in which case they would get the city compensation benefits. The Focus Model schedule projected private custodial employees, but in the text of the report it suggested

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that those people would stay employed by the city and would therefore get all their benefits that the city currently offers. Mr. Onken stated that it then affected the totals. Mr. Wolff stated that the total didn't carry forward. Mr. Wolff stated that they had a salary schedule for fully nonprofit, privately operated enterprise. In the conversations they had with the city, which led to the Focus model, which is not the model that Brad and his team tested, the model assumed that those employees would stay with the City of Madison, and all the costs related to those employees would be the costs subject to the terms and conditions of their employment with the city. Mr. Soglin stated that those costs would not show up in the Focus Model. Mr. Wolff stated that they would not. Mr. Soglin stated that then those are not a cost to the Overture Center. Mr. Wolff stated that was correct. Mr. Soglin stated that this could then be a cost to the city. Mr. Onken stated we could leave that for future discussion.

Jim Garner asked how you would analyze the stagehand costs and the success of a particular performance. He wanted to know how they compare shows to see how successful they were. For example, Wicked uses 15 stagehands, and you make X-amount of dollars, and the next show uses 10 stagehands, and I make the same amount, he asked if they couldn't use that to determine what shows to bring in. Mr. Carto explained that with every agreement that they do with whatever promoter (or whatever co promotion or whatever presenting agreement they have) it will contain the stagehand costs. With the promoter arrangement, those costs are passed directly through. With a promoter arrangement it could be a variety of different types of deals where there is a split after an expense that's profit, but the expense of the stagehands is shared between the promoter and the presenter. And then there's the model where they take all the risk in presenting, and they absorb all the cost of the stagehands in the settlement. So it really varied across the board. Their stagehand rates are not exorbitant. They tell the promoter/presenter that the stagehand costs are part of the deal.

Mr. Garner asked how the city uses the word "permanent" when referencing employees. Mr. Wirtz stated that in the City of Madison, that a permanent employee is an employee in a budgeted position, it could be full time or it could be part time, that are past their probationary period. Mr. Soglin asked if discharge and discipline is what distinguishes that status from not being permanent. Mr. Wirtz stated that was correct.

Mr. Garner stated that he understands a permanent "position" but had a hard time with a permanent "employee". He stated that even though you talk about the difference between "permanent" and "at will" employees, in today's society, at will has almost the same situation as what he was referring to as the permanent employee. Mr. Wirtz stated that the difference is in the laws protecting the employee.

Mr. Onken asked if Mr. Wirtz could explain how they justified taking the two IT positions out. He was under the impression that those services, at least for two years, would be provided by the city. Mr. Wirtz stated that they weren't really projecting next year's costs or the year after that cost. What they wanted to give was just what they would look like once they're up and fully functional in comparison to what we saw today. He noted that the Focus Model looks at a five-year projection and calculates in different things and various years. Their staffing study was more of a snapshot look. For example, this is what a nonprofit would look like when it's up and fully functional, this is what the city looks like, and these are the various options in between. Mr. Onken stated that he wasn't looking at the numbers. He was looking at the practical effects of not having these positions. He asked if you assumed that whenever the end of the year is for the Overture Center, you've reduced or net less the custodial costs as suggested, and there still are IT functions to be performed who was going to do those functions and who was going to pay for it. Mr. Carto stated that the Overture Center pays for IT services through the

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city and going forward, if the Overture Center had their own IT staff, or if during the transition, they were able to retain some IT staff during the transition until the new entity begins, that's still under negotiation.

Warren Onken asked why they took a kind of a half step if you will, of having some employees that are city employees and some employees that are not city employees. Mr. Carto stated that he could not comment on how that was going to come out because that was under negotiation. He noted that the current model does call for that and believe that was asked for by the current political environment. He stated that didn't mean it had to happen and that it was still open and under negotiation.

Mr. Bugher thought the model was really at the direction of the leadership of Overture and the board and that it was probably communicated to Steven Wolff and his staff that developed the model in terms of how the staffing was going to work, at least initially.

Deirdre Garton stated that there was input from the Mayor's Office that this was a potential way to balance costs.

Mr. Bugher asked if Mr. Wirtz could give a general explanation of the non-represented professional supervisory personnel, which were about 29-1/2 people under the current scenario. Mr. Wirtz asked if he was interested in the difference between overtime costs for the city and a non-profit. Mr. Bugher stated that was correct. Mr. Wirtz stated that the nonprofit model would pay overtime in accordance with the Fair Labor Standards Act. The city had some ordinances that provide overtime to people that would likely be exempt under the Fair Labor Standards Act for overtime purposes. Mr. Bugher stated that he wanted to draw distinction. Mr. Bugher asked if this was a function of a city ordinance that wouldn't necessarily be applied to a nonprofit model if the nonprofit decided to make all employees in mid-level to senior management at-will employees. They would be paid based on a 40-hour workweek. If they worked 60, they'd still be paid based on a 40 hour workweek. Mr. Lipski clarified some of Mr. Bugher's points. He stated that, as far as the payment that was correct. He noted that on page 26 of their staffing report, all non-represented employees except for the director position, are at that 18-13 or a lower range. He further clarified that, with the exception of the director, all professional, managerial, supervisory positions that would otherwise potentially be exempt under the Fair Labor Standards Act, under the city ordinances, are entitled to overtime compensation (administrating time and time and a half). Mr. Lipski also noted that at-will employees do not have anything to do with the Fair Labor Standards Act.

Mr. Lipski went on to state that at-will employment really is just a concept that employees in the private sector do not have property rights to their job, but that that also goes for any employee, represented or non-represented. Represented employees generally will negotiate just-cause protections in the labor contract. But it doesn't have anything to do with exempt status under the Fair Labor Standards Act. Non-represented employees who are not exempt under the Fair Labor Standards Act could still be considered at will in the private sector.

Mr. Bugher asked if the non-represented employees that are currently affected by the ordinance of the City of Madison are considered to have a property right to their job that is, effectively, executed by way of an ordinance of the City of Madison. Mr. Lipski stated that the property right to the job is embodied in a number of case law decisions throughout the state. It was not necessarily specific to the City of Madison civil service rules. City of Madison civil service rules have established policies and procedures in response to the case law. He noted that it was really case law that's gone up to the Supreme Court

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that has said public sector employees enjoy a property right to their position by virtue of the fact that they're in the public sector. So the personnel rules embody that, but it was not personnel rules that create that.

Mr. Bugher asked if the City of Madison could pass an ordinance that would effectively remove these levels of employees from this sort of qualification under Fair Labor Standards and, therefore, make them, effectively, at-will employees who are not bound by the requirements of Fair Labor Standards. Mr. Lipski stated that the City of Madison could potentially pass an ordinance stating that they would pay non-represented employees in accordance with the Fair Labor Standards Act. That would mean that any employee who would be classified as exempt under the Fair Labor Standards Act would no longer enjoy the extra compensation that would be provided by the ordinances.

Mr. Bugher asked if there was any case law that would run afoul of that particular ordinance change. Mr. Lipski stated that there wasn't, that property rights to a position relate only to whether or not you can have the job. He noted that the Fair Labor Standards Act governs how you're paid in the job. So there wouldn't be any inconsistencies with state or federal law if the City of Madison decided that they just wanted to compensate people in accordance with either the Fair Labor Standards Act or Wisconsin similar statutes. Mr. Bugher stated that in either case, this would probably have to be applied to all classification of employees, not just specifically Overture employees. Mr. Lipski stated that was correct.

Mr. Garner asked if compensatory time would go away for these employees. Mr. Lipski stated that compensatory time was only allowed in the public sector under the Fair Labor Standards Act. So a nonprofit would not get the option of offering compensatory time because it would be considered a private sector employer.

Mr. Garner then asked how many of the collective bargaining units that are currently working at the Overture Center would be displaced. Mr. Wirtz noted there are more positions currently at the Overture Center because the numbers were based on the 2008 staffing model at Overture. He noted that actually incorporated more custodians, more maintenance people than what they have right now. He noted that this was due to the financial situation at Overture; there were some pretty major cuts in staffing made over the course of the past couple of years and those are not reflected in the Focus Model.

Mr. Bugher asked if Mr. Wolff could address that issue and Mr. Onken's question about the differences in the compensation tables. Mr. Wolff stated that he could point out the schedules to Mr. Onken. Mr. Wolff stated that the staffing schedule (or compensation table) included higher levels of staffing than what is currently at the Overture Center and was based on comparison to similar organizations. He noted that if they referred to the administrative expense schedule, they would see that all of these totals for all the departments including compensation (or what would then be private sector custodial people) are carried forward at the top of the section and that the custodial employees are carried forward in the building operations section. He then referred to the fourth page in the packet, the expense summary. He noted that under plant operations you see the labor categories and the various other categories and you see that the compensation for cleaning and maintenance has been set to zero. That was based on the assumption that was outlined in the narrative portion of the document that says those employees under the Focus Model would remain employees of the city. Mr. Onken noted that the impact of this was really on the takeover group and not on the city. Mr. Wolff noted that was correct.

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Mr. Garner asked how current position count (collective bargaining positions) would change in the Focus Model. Mr. Lipski stated that from what they could tell, the current budget has 2.8 box office cashiers and they saw 3.6 box office cashiers in the Focus Model which equaled a .8 box office cashier. They saw four (4) theater techs currently budgeted by the city and there was 4.75 theater techs in the Focus Model which equaled a .75 theater technician. They have five (5) Custodial Worker 2's budgeted in the city and they saw six Custodial Workers 2's in the Focus Model which equaled an extra Custodial Worker 2. There were two (2) facility maintenance workers currently budgeted by the city and they saw three (3) facility maintenance workers in the Focus Model. The Focus Model had three (3) account technicians but was his understanding that one of the account technicians was actually a recently created professional accountant position. The other two (2) FTE account technicians in the Focus Model have salary dollars and benefits on the line, but they're not carried through in any of the five years, so it was unclear as to whether or not those two (2) account technicians were actually being added or what the status was. He saw no clerk typist currently budgeted by the city and there was one clerk typist in the Focus Model. Mr. Lipski stated that there was an increase of a current .75 position to 1 FTE in the Focus Model. He also noted that these were specific to represented positions.

Mr. Garner asked if these changes in the Focus Model resulted in the loss of three represented employees. Mr. Wolff stated that what the model says is that there are additional positions called for, not fewer positions than are currently there. Mr. Lipski stated that it looked to him that there was an additional 6.55 positions in the Focus Model that are represented.

Mr. Garner then asked if there were any current permanent employees working at the Overture Center that would, not be working there in '11 or '12 under the Focus Model. Mr. Lipski stated that under the focus model it appears that there's an extra 6.55 positions. Mr. Bugher stated that what he thought what the committee was trying to derive is with the attention paid to represented employees and whether or not represented employees were going to lose jobs under the Focus Model or the conversion to a nonprofit. He thought though the frustration was that the committee couldn't quite seem to get their arms around whether or not that was a "yes" or a "no", and if it was a "yes", then how many employees would lose their jobs. Mr. Lipski stated that the short answer was under the Focus Model, it kept the current staffing plus added 6.55 represented positions.

Mr. Wirtz stated that they have had discussions about this also. They have a have a brief case on this (he believe it was included in their staffing report). He noted that the Focus Model, as well as their report, didn't look at this was the "be all to end all". There would be a lot of work to do as far as creating position descriptions, setting up compensation plans, and defining how to compensate employees if you became a nonprofit organization. He stated that the Focus Model was one model that could be used at roughly the costs that were projected. He stated that depending on how staffing priorities were developed and how the organization decided to staff the center that still was up in the air.

Mr. Soglin if this model were adopted, 18 months, 36 months from now, they could make any changes they wanted in terms of staffing. Mr. Wirtz stated that was correct.

Mr. Soglin stated that his point was if the city had an interest in protecting jobs, once the Focus Model is adopted, it can no longer protect those jobs. Mr. Lipski stated that was probably correct. You couldn't tell a separate employer how it was going to employ its employees. He also noted that you also can't protect the jobs of city employees either if there are not funds to pay them.

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Mr. Sanchez asked if under the current model they could tell how those salary increases would take place and if longevity pay was included in those increases. Mr. Wirtz stated that they are tied together, and he thought that that was an important distinction between what you see at a nonprofit and what you see at the city. Of the 23 employees that are represented by AFSCME Local 60, at Overture, they're part of a very large union, about 700 and some odd employees represented by that same union. Those across-the-board wage increases are negotiated. The one exception would probably stagehands because the majority of the work for the stagehand contract falls within the Overture purview.

Mr. Soglin stated that Mr. Wolff had observed that the recommended staffing level for the Focus Model was based on similar organizations. He asked what organizations were used. Mr. Wolff stated that they looked at six different performing arts centers that ranged in budget size from less than the Overture Center to more than the Overture Center. The comparables used represented both public operations and private, and nonprofit operations. He stated that would provide that information electronically to the committee.

Mr. Soglin asked if it was possible that he could go out into the universe in the United States and find similar organizations with a different staffing level. Mr. Wolff stated that all of the comparables used had different staffing levels. He noted that the full-time employment of the comparables ranged from a low of 38 to a high of 103. The part-time employment payroll of the comparables ranged from a low of 44 to 110.

Mr. Soglin stated that as soon as he took a different cadre of performing arts centers, which could be within the same parameters as the ones that they used, he could come to a very different conclusion in regards to staffing levels, whether they were talking about part-time ticket sellers or talking about top-level management. Mr. Wolff stated absolutely.

Mr. Soglin asked if it was problematic, from a human resources perspective, to have bifurcation in the hiring, firing, discipline, and supervision of employees. Mr. Wirtz stated very much so.

Mr. Soglin stated that he assumed all of the ticket sellers were hourly people. He asked if that was the case, what would the savings be based on the 2010 budget, for the ticket sellers. Mr. Lipski stated in the Model 1, the ticket office personnel total was \$224,263. That included the current staffing with 2.8 permanent as well as 15 hourly employees. If you went with entirely hourly ticket office personnel, the cost was \$126,063, for a difference of \$91,200.

Mr. Soglin asked when they did the staffing study did they find any differences when they compared hourly ticket sellers in the Marcus Theater System and in the Fox River Valley. He wanted to know if they found any differences in the job descriptions and the responsibilities of the individuals. Mr. Wirtz stated that they did not ask for job descriptions on those particular positions. They did have the comparable position comparable position and hourly status but did not have the actual the job descriptions or work obligations from those two entities.

Mr. Soglin asked if they had any detailed job descriptions in terms of comparison when they made conclusions that the top management at Overture was underpaid at this time. Mr. Wirtz stated that he wanted to straighten the record. They never made that conclusion. He stated that if they looked on page 26, the director's salary is listed there at the top, at \$123,875. But if you went down a little lower,



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you look at 201 State Foundation's personnel; there was a director's salary supplement that is currently paid at \$40,698. So that was the current salary for the director - what the city is paying plus compensation received for duties performed for the 201 State Foundation. When you moved to Model 2, you do see a jump in salary to \$164,000. But all they did was put those two numbers together, they did not make any assumptions about management salaries.

Mr. Soglin asked when they were looking at, particularly the top management positions and salaries and compensation, did they find any similarities in regards to span of control? He believed that in part compensation was based on responsibility, which does, in part, cover the span of control, and it also was a function of how deep the organization was. He noted that benefits under these models for the top managers are below the market but as a collective group, it's excessive, which may mean there are too many people. In other words, rather than having ten people making an average of \$100,000, maybe there should be five people making \$120,000. He wanted to know if that had been considered. Mr. Wirtz stated that they did not look at that specifically.

Mr. Soglin stated that as he looked at the classification that they have now, both within the Foundation and at the Overture Center, there seemed to him there were some duplicate positions. He asked Mr. Wirtz if they had looked at that in their staffing study. Mr. Bugher thought Mr. Carto could answer that question. Mr. Carto stated that current positions at 201 State Foundation are his supplement as president of 201 State Foundation in the fundraising capacity, a director of development, and the development associate, that are charged with the fundraising capacity and fundraising responsibilities of the Foundation. The fundraising of the Foundation were done to support the Community Engagement Programs of Overture. So there wasn't much duplication and part of his job, of course, was to be the lead fundraiser for the Foundation and Overture itself. This arrangement predates him as a precedent of Overture, to have the director being paid by the City as well as by the Foundation.

Becky Steinhoff asked if the development staff that are in 201 State Foundation would be absorbed into the new model. Mr. Carto stated that was correct. Mr. Garner asked if that person would then become the Vice President of Development. Mr. Carto stated that it would but that position was currently not filled. Mr. Soglin asked would happen with the Corporate Relations Director. Mr. Carto stated that the model called for strengthening of the development department and to add a couple of positions over the five years in order to achieve the fundraising goals that are necessary.

Mr. Garner stated that listening to Kathleen Voit (Madison Community Foundation) at the September 20, 2010 meeting, about the philanthropy. The committee had asked her specifically what staffing would be required to raise the proposed \$2 million a year, and she came up with a total of three staff to do the work and one IT person. He stated that this was a smaller staffing model than what was contained in the Focus Model. Mr. Carto stated that he believed the model called for more. They think they need more capacity in order to do fundraising.

Mr. Garner asked if Mr. Carto could clarify his statement about 300 permanent employees. Mr. Carto stated the 300 permanent employees were all the permanent employees, the part-time employees and the stagehands. (Available pool of stagehands is approximately 175)

Mr. Soglin asked if Mr. Wolff was familiar with the presentation they had on Monday night and if he had anything to add, particularly on the question of the relationship of successful fundraising to whether or

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not the institution is publicly or non-profitably, was owned by a public entity or a nonprofit or whatever, either in terms of the ownership of the building or its operation.

Mr. Bugher clarified the question for Mr. Wolff. He restated the questions as: did the ownership scheme affect philanthropy, whether or not the enterprise is a public enterprise, operated as a public enterprise, raising monies for operation, or as a private nonprofit, and were there any distinctions and differences that he has experienced? Mr. Wolff stated that he would go back to the first meeting when they made a clear distinction between the question of ownership and the question of operation. Ownership of the facility itself is an agnostic choice, based on the best structure for the community. The money that is being raised is being raised for the operation of the building. And the general experience is that private, nonprofit, charitable organizations are more successful at fundraising private charitable contributions than the cities.

Ms. Steinhoff asked even if there is a nonprofit fundraising arm. For example, Olbrich Gardens is a City owned facility and staff are all city employees. They also have development staff, but they also have the Friends of Olbrich, which is where people make their charitable, tax-deductible contributions. Mr. Carto stated that there is a big difference. Olbrich Garden is a city-owned facility and it has city employees. But it has a \$1.6M budget and it is supplemented by approximately \$300,000 from the society every year to their operation. So two-thirds of their budget (he guessed minus the earnings maybe they get from admissions and so on) was supplemented by the City. In contrast the Overture Center receives about 10% of a \$13M budget as a subsidy from the City. They have to earn all the rest from ticket sales, net sales, and their fundraising.

Ms. Steinhoff asked what the fundraising success was for the six models that were used for the comparables. Mr. Wolff needed to look for that information.

Mr. Garner asked if it was correct that currently the city has human resource responsibilities and provides two IT people to the Overture Center. Mr. Wirtz stated that there are not two dedicated IT staff persons and one HR staff person to the Overture Center. Overture is considered an entity like any other city department and so IT and HR resources are not specifically allocated or tracked. Mr. Wirtz stated that they are essentially a full-service, free-service, for the most part, to any one of the agencies that came to them. For example, they recently negotiated a brand new contract with the stage hands, which took a whole lot of time and your department doesn't get charged any more or any less. It was just all part of their work in HR.

Mr. Garner asked that based on the agreement; whatever HR work Overture needed, they would do that work. Mr. Wirtz stated if they have City employees, he would for the City employees. Mr. Garner asked if Overture were to continue with that arrangement with City employees, they would not need to outsource the HR. Mr. Wirtz stated that was correct.

Mr. Sanchez asked Mr. Carto how difficult it was to bring productions like *Wicked*, *Lion King* to a place like Madison. He wanted to know if this was something that, as the director, he felt if more shows like these were produced membership and subscription renewals would continue to go up. Mr. Carto stated that he did. They were in a very good spot right now with Broadway and with their relationship with their Broadway partner, Broadway Across America. Last year was the very first year they went to full-week Broadway, and that was a leap from what they used to be, what was called a split-week

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**Discussion on Legislative File 19944**

City of Madison Staffing Study for the Overture Center: An Analysis of Various Operating Structures for the Overture Center - Brad Wirtz, Human Resources Director and Mike Lipski, Compensation & Benefits Manager

arrangement, where they would get five performances from Friday through Sunday or Thursday through Sunday.

He noted that a split-week market usually gets the second or third time around of tours. Sometimes they're non-equity, which meant that the equity actors are long gone, and non-equity actors are in those tours. They're good tours, but they're nowhere near the quality of the full-equity, full-week tours. Last year, with the *Lion King* being on the season, they were able to go to the full-week arrangement.

He stated that was a very good move because at the end of the year, with their subscription sales, they went from 2,700 subscriptions to almost 5,500 for this year. They have to work with producers to bring that product to Madison. That's why you're seeing *Wicked*, the *25th Anniversary of Les Misérables* and *Young Frankenstein*.

He stated that he recently had a conference call with the rest of the staff with BAA for the 2012-2013 season and it looked great. The idea is to retain those subscribers and continue to build those weeks and get to the point where Broadway is a big deal. Broadway is the anchor for a lot of performing arts centers around this country. They now have more subscribers than Boston, Miami, and Seattle.

(Ald. Lauren Cnare arrived at this time.)