

Annual City Budget Impact of Proposed Overture Center Agreement

Based on 12/14/10 Version 5

Agreement Provision	Description	Past & Current Practice			Proposed Agreement	
		2009 Actual	2010 Budget	2011 Exec Budget	2012 Estimated	Estimated ^A Future Years
Operating Subsidy	Subsidy from City General Fund to support Overture Center operations	\$ 1,795,873	\$ 1,795,873	\$ 1,795,873	\$ 2,000,000	\$ 2,000,000
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)				-	-
	Net Operating Subsidy	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Additional City Insurance Costs	Estimated City costs for property and liability insurance associated with ownership of the Overture building				-	-
Property Insurance Reimbursement	201 would reimburse the City for the property insurance portion of insurance costs				-	-
Maintenance Employee Compensation	Estimated City cost of wages and benefits to provide current maintenance employee staff level				-	-
Major Capital Maintenance Expenses	Estimated City costs in addition to employee compensation related to long term capital maintenance				-	-
Custodial & Maintenance Service Contract	Contract payment from 201 to City for maintenance services				-	-
\$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
201 Share of Unfunded Prior Pension Liability	201 Assumes and Pays 50% of the MCAD Pension Liability				(19,250)	(19,250)
Sick Leave Payout and Other Severance	Payout of accrued sick leave value and other severance provisions to current employees transitioning to employment by 201 State				Unknown	Unknown
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)
	Annual Operating Cost	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 2,163,500</u>	<u>\$ 2,013,500</u>
Debt Service on Long Term Capital Purchases	201 becomes responsible for the long term capital maintenance of the Overture facility. Capital costs could be financed with taxable long term City debt, fully reimbursed by 201 State.				-	-
	Total Annual City Budget Impact	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 1,297,473</u>	<u>\$ 2,163,500</u>	<u>\$ 2,013,500</u>

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