



Final Report and Recommendations

Overture Ad Hoc Committee

**Submitted by Mark D. Bugher, Chair
10/19/2010**



Final Report of the Overture Ad Hoc Committee

October 19, 2010

To: Mayor Dave Cieslewicz and the City of Madison Common Council
From: Mark D. Bugher, Chair, Overture Ad Hoc Committee
Re: **Final Report of the Overture Ad Hoc Committee**

On August 3, 2010, the Madison Common Council adopted a resolution authorizing Mayor Dave Cieslewicz to select an independent group of citizens to review the proposed future business plan of The Overture Center for the Performing Arts. The group, among other things, was asked to determine if a consultant's plan proposed by the Madison Cultural Arts District (MCAD) Board and 201 State Foundation was feasible and reasonable. The committee was asked to report its findings to the Mayor and the Common Council.

Concurrently, the Common Council authorized two separate studies to be undertaken regarding Overture. The first was a staffing study of current Overture employees, and the other was a facilities study to determine and advise the Common Council on the physical condition of the Overture facility with a goal of determining annual capital costs to City of Madison taxpayers.

The Overture Ad Hoc Committee, which was selected by the Mayor and approved by the Common Council, consisted of ten individuals. They are as follows: Mark D. Bugher, Chair; Ald. Tim Bruer; Ald. Lauren Cnare; James Garner; Deidre Garton; Warren Onken, Pablo Sanchez; Paul Soglin; Becky Steinhoff; and Ald. Mike Verveer.

At the first meeting of the Overture Ad Hoc Committee on August 19, 2010 Mayor Dave Cieslewicz presented his charge to the committee. The Mayor asked the committee to specifically review four main areas contained within in the plan in order to determine the viability of the proposal.

The areas to be reviewed included the proposed operating budget assumptions presented by the consultant to determine if they were accurate and reasonable estimates of the potential outcome. The Mayor also asked the committee to analyze the capital expense report and study being conducted by the City to assure that the report captured the appropriate level of expenses and that they were split appropriately between the City and operator. Next, the Mayor asked that the committee review a staffing study prepared by City Human Resources personnel to determine if the model being proposed included an accurate estimate of potential staffing costs. The study also determined the cost differential between the rolled up costs of public sector employees and private employees. Finally, the committee was asked to look at various governance models to determine the best model for a relationship between the City of Madison, which would own the facility and a private non-profit operator.

The Mayor reminded committee members of the settlement offer pending between Overture donors and the lenders holding the remaining debt on the Overture facility. The settlement requires the City to take ownership of the building before the end of the year, cover the long-term maintenance of the facility, and

retain its current net subsidy of about \$1.4 million annually. The agreement also requires that a non-profit entity operate the Center. The Mayor discussed the short time line for the committee work in part due to constraints imposed upon the City by the forbearance agreement.

The committee met a total of eight times for extended sessions. The meetings included two briefings by Steven Wolff from AMS Planning & Research Corporation, the consultant hired by Madison Cultural Arts District (MCAD) and 201 State Foundation boards to review various alternatives for ownership and operation and recommend a preferred option. The committee met to discuss the capital costs of the facility and understand what the City of Madison could expect in the way of obligations should it take over ownership of the building. The committee asked experts to determine the viability of the plan regarding philanthropy and prospects for success in our community. The group spent one meeting focused on the staffing study to get a sense for the challenges and costs associated with the various options. The committee met to discuss governance and spent time looking at various alternatives that would lay out the relationship between building owner and operator. At the last two meetings, members were asked to take all of the information assembled to date and make a determination and recommendation to the Mayor and Common Council regarding the best course to take. All but one of the meetings included ample public testimony by a variety of interested citizens.

The committee recommended at its last meeting on October 8th in a 6-3 vote (one absence) that the Mayor and Common Council adopt a framework as outlined by the consultant for MCAD and 201 State Foundation calling for public ownership of the building. Under this recommendation, the City of Madison would accept ownership for \$1.00 and agree to accept major capital costs assigned to the building and negotiated with the operator. The programming in the building under the recommended plan would be performed by a non-profit corporation responsible for what went on inside the building and that would also accept responsibility for staffing and some of the costs for fixtures and capital replacement subject to negotiations with the City.

The Overture Ad Hoc Committee adopted the following recommendations to be made to the Common Council and the Mayor:

That the City endorse a model **based on public ownership and private, non-profit operation** which is supported by the recommendations listed below:

1. That the City of Madison hire an independent consultant to examine the financial assumptions in the proposed operating model (Focus Model) to determine their accuracy and achievability. (Motion made by Paul Soglin, seconded by Ald. Mike Verveer. Approved unanimously)
2. That the City of Madison engage an engineering or architectural firm, which is qualified to create a punch list for a performing arts center, of building conditions, building needs and the structural integrity of the Overture Center. (Motion made by Paul Soglin, seconded by Ald. Tim Bruer. Approved unanimously)
3. That the City of Madison engage a qualified consultant to create financial and program standards, including community and educational outreach standards, that would be negotiated and achieved between the City of Madison and the operator. (Motion made by Paul Soglin, seconded by Ald. Tim Bruer. Approved unanimously)

4. That the Overture Ad Hoc Committee endorses the philanthropic goals contained in the Overture Center Fund Development Plan (2010-2015) that was presented by Kathleen Voit, President of the Madison Community Foundation and Joe Sensenbrenner at the September 20, 2010 Overture Ad Hoc Committee meeting. (Motion made by Ald. Tim Bruer, seconded by Ald. Mike Verveer. Approved unanimously)
5. That the committee membership on the non-profit operating board reflect the diversity in the City of Madison and engage the community by including, but not be limited to, Common Council members, individuals with significant fundraising expertise, citizens with no connection to performing arts organizations and individuals from the resident organizations. (Motion made by Paul Soglin, seconded by Ald. Tim Bruer. Approved unanimously)
6. That negotiations include opportunities for maximum transparency of operations and reporting. (Motion made by Ald. Lauren Cnare, seconded by Warren Onken. Approved unanimously)
7. That the City explore establishing a significant endowment for the building to meet capital costs and explore and/or examine future private ownership options while maintaining the facility as a performing arts center. (Motion made by Paul Soglin, seconded by Ald. Tim Bruer. Friendly amendment by Warren Onken. Approved by the following vote 7-1-2 - Ayes: Bruer, Bugher, Cnare, Garner, Onken, Soglin, Steinhoff. Noes: Garton. Absent: Sanchez, Verveer.)

Original motion was made by Jim Garner, seconded by Ald. Tim Bruer.

An amendment to add the following after the language, “That the City endorse a model **based on public ownership and private, non-profit operation**...” was made by Ald. Lauren Cnare, seconded by Warren Onken. The amendment was not considered friendly. The amendment was approved by the following vote 6-3-1: Ayes: Bugher, Cnare, Garton, Onken, Steinhoff, and Verveer. Noes: Bruer, Garner, Soglin. Absent: Sanchez

The motion, as amended, was approved by the following vote 6-3-1: Ayes: Bugher, Cnare, Garton, Onken, Steinhoff, and Verveer. Noes: Bruer, Garner, Soglin. Absent: Sanchez.

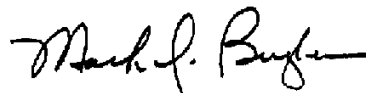
It is clear to all on the committee that the Overture is an incredible asset to the community and performs a valuable economic development and cultural arts role. It is also clear that the committee has incredible respect and admiration for the Frautschi family and other generous contributors, supporting arts organizations, employees that work at Overture and volunteers that serve in roles to make Overture successful.

Some on the committee were concerned about the potential for financial success under the new model. Others were concerned about the prospects for philanthropy in a small market with a difficult economy. Others wondered if the management of Overture needed to be addressed and all committee members were concerned about the future employment, pay and benefits of the current employees under the new management system. The committee was unable because of lack of information and time to arrive at a recommendation on current staffing levels or whether staff should be employed by the City or the new operator. The committee recommends further study and discussion by the Common Council and the Mayor before the issue is debated on the council floor. The balance of the suggestions made by the committee was designed to provide assistance and guidance to the Mayor and the Council as they debate the matter in an effort to improve the original plan offered by the consultant.

On behalf of the Overture Ad Hoc Committee we want to thank Mayor Dave Cieslewicz and the Madison Common Council for giving us the opportunity to serve, provide input and make a contribution to benefit the citizens of Madison. We also wish to acknowledge the incredible professionalism and commitment of city employees who assisted the committee, including Lisa Veldran from the Council Office, Janet Piraino and Andrew Statz from the Mayor's Office, Brad Wirtz from the City's Human Resources Department, City Attorney Mike May, City Comptroller Dean Brassler, and Tom Carto and all of the dedicated employees that currently serve the public at the Overture Center for the Performing Arts. I would like to personally thank the committee members who did fine work and took time away from family and employment for this effort.

I know I speak for all the committee members in wishing the Common Council and the Mayor the best of luck in their deliberations on this important issue.

Best Wishes,

A handwritten signature in black ink, appearing to read "Mark D. Bugher". The signature is written in a cursive, flowing style.

Mark D. Bugher, Chair

October 12, 2010

Pablo Sanchez
33 East Main Suite 100
Madison, WI. 53703

Re: Recommendations from the Overture Ad Hoc Committee Meetings.

Dear Mayor Dave Cieslewicz and Members of the Common Council,

As a member of the Overture Ad Hoc committee I was unable to stay for the entire meeting on 10/06/10 and I was out of town for the meeting on 10/08/10. In these two meetings the committee had the opportunity to make recommendations regarding the Overture Center. I would like for you to know where I stand in regards to these recommendations.

Recommendations from Overture Ad Hoc Committee Meeting 10/6/10

- Recommend that the City of Madison hire an independent consultant to examine the financial assumptions in the proposed operating model ("Focus Model) to determine its accuracy and achievability. (I agree with the recommendation)
- Recommend that the City of Madison engage an engineering or architectural firm, which was qualified to create a punch list for a performing arts center, of building conditions, building needs and the structural integrity of the Overture Center. (I agree with the recommendation)
- Recommend that the City of Madison engage a qualified consultant to create financial and program standards (including community and educational outreach standards) that would be negotiated and achieved between the City of Madison and the operator. (I agree with the recommendation)
- The Overture Ad Hoc Committee endorses the philanthropic goals contained in the Overture Center Fund Development Plan (2010-2015) that was presented by Kathleen Voit, President of the Madison Community Foundation and Joe Sensenbrenner at the September 20, 2010 Overture Ad Hoc Committee meeting. (I agree with the recommendation)
- Recommend that the committee membership on the non-profit operating board reflect the diversity in the City of Madison and engage the community by including, but not be limited to, Common Council members, individuals with significant fundraising expertise, citizens with no connection to performing arts organizations and individuals from the resident organizations. (I agree with the recommendation)
- Encourage negotiations to include opportunities for maximum transparency of operations and reporting. (I agree with the recommendation)

Recommendations from Overture Ad Hoc Committee Meeting 10/8/10

- Recommend that the City explore establishing a significant endowment for the building to meet capital costs and explore and/or examine future private ownership options while maintaining the facility as a performing arts center. *(I agree with the recommendation)*

- Recommend that the City endorse a model based on public ownership and private, non-profit operation which is supported by the recommendations listed below:

1. Recommend that the City of Madison hire an independent consultant to examine the financial assumptions in the proposed operating model ("Focus Model) to determine its accuracy and achievability.

2. Recommend that the City of Madison engage an engineering or architectural firm, which was qualified to create a punch list for a performing arts center, of building conditions, building needs and the structural integrity of the Overture Center.

3. Recommend that the City of Madison engage a qualified consultant to create financial and program standards (including community and educational outreach standards) that would be negotiated and achieved between the City of Madison and the operator.

4. The Overture Ad Hoc Committee endorses the philanthropic goals contained in the Overture Center Fund Development Plan (2010-2015) that was presented by Kathleen Voit, President of the Madison Community Foundation and Joe Sensenbrenner at the September 20, 2010 Overture Ad Hoc Committee meeting.

5. Recommend that the committee membership on the non-profit operating board reflect the diversity in the City of Madison and engage the community by including, but not be limited to, Common Council members, individuals with significant fundraising expertise, citizens with no connection to performing arts organizations and individuals from the resident organizations.

6. Encourage negotiations to include opportunities for maximum transparency of operations and reporting.

7. Recommend that the City explore establishing a significant endowment for the building to meet capital costs and explore and/or examine future private ownership options while maintaining the facility as a performing arts center.

(I agree with the final recommendations)

Very truly yours,

Pablo Sanchez
Vice President
Park Bank

List of Attachments from Overture Ad Hoc Committee Meetings

[Agenda for 8/19/10 Overture Ad Hoc Committee](#)

[Meeting Minutes from 8/19/10 Overture Ad Hoc Committee](#)

Attachments from 8/19/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 19524](#) – Committee Charge from Mayor Dave Cieslewicz

Attached to this legislative file:

1. [Substitute Resolution, File ID# 19058](#) - authorizing the Mayor and City staff to negotiate with the Madison Cultural Arts District and to recommend a plan for the City’s role in the long-term viability of the Overture Center, to include certain elements in any plan, and to present the City’s role in the plan and any city agreements to the Common Council for approval. (Adopted by the Common Council on 8/3/10)
 - Attachments to Legislative File ID# 19058:
 - i. Overture Forbearance Agreement,
 - ii. Overture: Permanent Salary Detail
2. [Appointees to the Overture Ad Hoc Committee, File ID# 19395](#) (Confirmed by the Common Council on 8/3/10)
3. [Mayor’s Remarks to Overture Ad Hoc Committee members on 8/19/10](#)
4. [Overture Ad Hoc Committee Report Timeline and Work Plan dated 8/19/10](#)

[Legislative File No. 19525](#) – Briefing on Arts Center Business Models by Steven Wolff, AMS Planning & Research Corporation

Attached to this legislative file:

1. [PowerPoint presentation dated 8/19/10 entitled “Overture Center”](#)

[Agenda for 9/2/10 Overture Ad Hoc Committee](#)

[Meeting Minutes from 9/2/10 Overture Ad Hoc Committee](#)

[Madison City Channel Video: 9/2/10 Overture Ad Hoc Committee Meeting](#)

Attachments from 9/2/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 19775](#) – Briefing and Discussion of Overture Center Proposed Business Plan by Steven Wolff, AMS Planning & Research Corporation

Attached to this legislative file:

1. [PowerPoint presentation dated 9/2/10 entitled “Overture Center”](#)
2. [Memo dated 7/7/10 to Linda Baldwin, Deirdre Garton from Steven Wolff and Kate Scorza Ingram entitled, “Operating Forecast for Overture Center – DISCUSSION DRAFT”](#)
3. [Memo dated 8/26/10 to Members of the Overture Ad Hoc Committee from Steven Wolff entitled, “‘Focus Model’ Materials”](#)
4. [History of City Contributions to Overture Operations from Dean Brassler, City Comptroller](#)

Informational Only

[Additional Appointees to the Overture Ad Hoc Committee, File ID# 19790](#) (Confirmed by the Common Council on 9/7/10)

Meeting Agenda: 9/16/10 Overture Ad Hoc Committee

[Meeting Minutes: 9/16/10 Overture Ad Hoc Committee](#)

Attachments from 9/16/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 19875](#) – Overture Facility Study – Current Condition & Long Term Capital Costs – Andrew Statz, City of Madison Fiscal Efficiency Auditor

Attached to this legislative file:

1. [PowerPoint presentation \(with attachments\) dated 9/16/10 entitled, “Overture Facility Study”](#)

Meeting Agenda: 9/20/10 Overture Ad Hoc Committee

[Meeting Minutes: 9/20/10 Overture Ad Hoc Committee](#)

[Madison City Channel Video: 9/20/10 Overture Ad Hoc Committee Meeting](#)

Attachments from 9/20/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 19975](#) – Presentation: Plan for philanthropy under the Overture Focus Model – Kathleen Woit, Madison Community Foundation & Joe Sensenbrenner, former Mayor of Madison.

Attached to this legislative file:

1. [Overture Center Development Plan 2010 - 2015](#)

Meeting Agenda: 9/23/10 Overture Ad Hoc Committee

[Meeting Minutes: 9/23/10 Overture Ad Hoc Committee](#) and [Additional Meeting Minute notes on](#)

[Legislative File 19944: 9/23/10 Overture Ad Hoc Committee](#)

[Madison City Channel Video: 9/23/10 Overture Ad Hoc Committee Meeting](#)

Attachments from 9/23/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 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 & Mike Lipski, Compensation & Benefits Manager

Attached to this legislative file:

1. [Staffing Study for the Overture Center](#)
2. [Power Point overview presentation by Brad Wirtz, Human Resources Director & Mike Lipski, Compensation & Benefits Manager entitled, “Staffing Study for the Overture Center: An Analysis of Various Operating Structures for the Overture Center](#)
3. [Staffing Comparison \(fulltime\) by comparables provided by Steven Wolff, AMS Research & Planning Corporation](#)
4. [Staffing Comparison by comparables provided by Steven Wolff, AMS Research & Planning Corporation](#)

Notice of Overture Center Tour: 9/27/10 for Overture Ad Hoc Committee and Common Council Members

Meeting Agenda: 9/28/10 Overture Ad Hoc Committee

Draft Meeting Minutes: 9/28/10 Overture Ad Hoc Committee (not yet posted)

Attachments from 9/28/10 Overture Ad Hoc Committee Meeting

Legislative File No. 20030 – Development of the proposed Focus Model; background, alternate models considered, recommendation

Attached to this legislative file:

1. PowerPoint presentation 9/28/10 entitled, “The Development of the ‘Focus Model’”
2. Overture Center Community & Economic Impact Study – Executive Summary by AMS Planning & Research Corporation
3. Overture Center Community & Economic Impact Study - by AMS Planning & Research Corporation
4. Membership Lists: Overture Development Corporation, 201 State Foundation and Madison Cultural Arts District Board
5. Paul Soglin submitted article, “The Impact of Government Funding on Private Contributions to Nonprofit Performing Arts Organizations” by Thomas More Smith, Department of Economics, University of IL - Chicago (*Annals of Public & Cooperative Economics* 78-1-2007)
6. Paul Soglin submitted article, “Do Government Grants to Private Charities Crowd Out Giving or Fundraising?” by James Anderson & A. Abigail Payne (*The American Economic Review* Vol. 93, No. 3)
7. Email from Deidre Garton dated 10/1/10 with corrected information, RFP Process for Consultant, list of vendors, 5/9/09 201 State Foundation Board minutes

Legislative File No. 20033 – Governance – Roles, responsibilities and expectations of the Board of the proposed Overture Center Foundation

Attached to this legislative file:

1. PowerPoint presentation dated 9/28/10 entitled, “Governance Recommendations”
2. Memo dated 9/28/10 from City Attorney Michael May entitled, “Governance Options”

Legislative File No. 20037 – Overture Center Bargaining Units – Concerns & Issues with Focus Model

Attached to this legislative file:

1. PowerPoint presentation entitled, “Unanswered Tough Question About the Focus Model Assumptions” – Davin Pickell, IATSE 251 & Local 60
2. PowerPoint presentation resubmitted by Davin Pickell on 9/30/10
3. Hult Center for Performing Arts: Strategic Benchmarking Report (January 2009 and Updated March 2009) PowerPoint presentation submitted by Davin Pickell

Legislative File No. 20056 – Continued Discussion of Overture Center Focus Model; Development of Initial Recommendation to Mayor and Common Council

Attached to this legislative file:

1. Overture Center Estimated Timeline of Financial Reports & Projections 9/28/10
2. 201 State 09-10 Statement of Activities, Income Statement and Balance Sheet (unaudited)
3. Approved MCAD 2010-2011 Budget Summary
4. 201 State Operating Budget, Transition Budget and Combined Operating/Transition Budget

[Notice of Overture Center Tour: 10/4/10 for Overture Ad Hoc Committee and Common Council Members](#)

[Meeting Agenda: 10/6/10 Overture Ad Hoc Committee](#)

Draft Meeting Minutes: 10/6/10 Overture Ad Hoc Committee (not yet posted)

[Madison City Channel Video: 10/6/10 Overture Ad Hoc Committee Meeting](#)

Attachments from 10/6/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 20130](#) – Development of Recommendations and Report to Mayor and Common Council

Attached to this legislative file:

1. [Steven Wolff Email Response to Warren Onken Question Re: Catering \(with attachment\)](#)
2. [Memo dated 10/4/10 from Steven Wolff re: Clarification of questions in the presentation by Davin Pickell representing AFSCME Local 60 and IATSE 251](#)

[Meeting Agenda: 10/8/10 Overture Ad Hoc Committee](#)

Draft Meeting Minutes: 10/8/10 Overture Ad Hoc Committee (not yet posted)

[Madison City Channel Video: 10/8/10 Overture Ad Hoc Committee Meeting](#)

Attachments from 10/8/10 Overture Ad Hoc Committee Meeting

[Legislative File No. 20145](#) – Development of Final Recommendation and Report to Mayor and Common Council

Attached to this legislative file:

1. [10/8/10 Tom Carto Email to Conrad St. Clair](#)
2. [10/8/10 Tom Carto Email re: Financial Statements](#)
3. [10/8/10 Letter from Attorney Ann Ustad Smith re: Forbearance Agreement](#)
4. [10/8/10 Davin Pickell Response to Steve Wolff Memo](#)
5. [2007 - 2009 Comp Group 18 Information submitted by IATSE 251](#)
6. [Broadway Ticket Sales information submitted by IATSE 251](#)