

Final Report

Independent Review of the Proposed Operating
Model (“Focus Model”) for the Overture Center

Submitted by Professor James Undercofler
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11/24/10

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Chapter One: Model, Governance, Performance Standards and Transition

November 17, 2010, submitted by James Undercofler

The Model

Large civic performing arts centers are not able to earn enough revenue to meet their expenses. They are economic catalysts, and drivers of positive economic conditions in downtown areas, but the revenue they drive is indirect. However, this indirect revenue does tend to justify varying levels of governmental support.

The bottom line is that large amounts of contributed revenue from individuals with wealth, foundations and corporate entities are essential: not only to balance the books, but to buttress and protect governmental agencies from being forced to provide extraordinary financial support. With these factors in mind, the public ownership/private operator model provides the best alternative among the many possible.

There is a *delicate* balance in this arrangement. The private operator, the Board, must have freedom to act, to “own” its accomplishments, to celebrate the rewards of its successes, but also to “own” the fear of failure.¹ And, the owner, the City in this case, must be confident that its interests are being monitored and protected, and must never feel or believe that it is being deceived.

The set of proposed solutions to finding this *delicate* balance between the City and the Board found in the Term Sheet dated 11/4/10 goes a long way to finding a solution, but does not go far enough, or provide enough detail regarding board composition and functioning. The Term Sheet also imposes heavy reporting requirements on 201 State, but avoids specifics as to what would constitute failure and/or default. These reporting requirements will simply slow down the Board’s and its management’s ability to succeed, whereas highly specific performance Standards and consequences for not achieving them will insure more effective functioning and results.

The Board

The Board structure must acknowledge the interests and *needs* of both sides.

I suggest a board of 25 persons, 21 “civilians,” and 4 ex officio (voting) public officials. The Mayor would be a member, and he would appoint another person, who would not have to be an elected official. The Mayor, h/herself, could send a proxy to meetings, but the proxy would not have voting rights.

The President of the Common Council, in consultation with the Mayor, would appoint 2 Alders to the Board. The Alders could not send proxies to meetings. One of the 4 ex officio members would serve on the Board’s Executive Committee. This person would be chosen by the Mayor, in consultation with the President of the Common Council. One of the 4 ex officio members would serve on the Board’s Nominating Committee. Again, this person would be chosen in the same manner as the Executive Committee representative.

It will be especially important for ex officio members to serve on the board as advocates for Overture Center’s success, not as watchdogs (in the negative sense of this word).

¹Later in Chapter One I suggest a more specific set of standards for what would constitute failure and default, as amendments to Section 21 of the Term Sheet dated November 11, 2010, Public Accountability and Performance Standards

The Board Chair could not be filled by an ex officio representative.

Board terms, for all members, would be 3 years + 3 years (if the Nominating Committee chooses to re-nominate) + one year off.

Board meetings would be open meetings and specified as such in the Board's bylaws. Matters related to personnel and donor relations could be discussed in executive sessions. Executive sessions could include staff members when appropriate. The Board Chair would be responsible for calling executive sessions. It would not be a matter decided by a vote of the Board.

A standing committee on Nominations should include members of the community, who are not Board members. However, the majority of the Nominating Committee should be Board members.

The Board should have the following standing committees: Executive, Nominating, Finance, Development, and Audit. The Executive Committee should be empowered to only take action when necessary between board meetings. And, when doing so, should seek as much input from a broad range of board members as possible. The Audit Committee must have the freedom to confer and make recommendations independently.

The Advisory Council should be appointed by the Board, with input from its Nominating Committee. It should contain 15 members, with a Chair chosen by the Board's Nominating Committee and approved by the full board. Advisory Council terms should follow the same policy as the Board's. The Advisory Council must provide a broad range of individuals who represent the demography of the City of Madison.

The Board must keep in mind that its role is: policy, resource development and matters fiduciary. It must empower management to do its job and to maximize its expertise. Micromanagement dooms these types of enterprises.

Performance standards

The following standards are listed in the Term Sheet, as well as in numerous memos and documents of proceedings:

- Financial
- Community Involvement and Engagement
- Artistic

Financial

Clear and defined financial standards are essential. And, although I very likely don't need to lecture the Council, I will anyway. Throughout the various presentations to the Ad Hoc Committee, one encounters the concept of City as a financial "backstop." With large civic projects, including performing arts centers, but also convention centers and sports arenas, when financial trouble hits, the nearest municipality becomes the financial "go to," or "backstop." We all know that these civic monuments cannot be allowed to shut down, to be boarded up, as the image of the City would be surely besmirched. Usually after intense and painful negotiations, deals that involve taxpayer money are hammered out. The lesson here: even if it is painful now setting specific financial performance standards, do it and avoid future misunderstandings and grief. And, from what I can tell, 201 State will not be in a position to hold a line of credit, as it has no real assets for collateral, so the only way it can carry a deficit is to delay payment of its bills.

Suggested Amendment to the Term Sheet, Section 21, Section B, ii and iii.

If after year 2, there is a carry-forward deficit of 3% of the annual budget number in year 2 (for example, if the annual budget is \$4 million in year 2 of the agreement, then the “trigger” deficit number would be \$120,000), then the Mayor, in consultation with the Common Council will appoint an outside consultant to research the reasons for this deficit, and make recommendations for remapping. Understanding that the prescribed remedies will take more than one year to take effect, if at the end of 4 years, there is no significant improvement (debt has been reduced by at least half, and the budget in year 4 is balanced), then the City will declare default and year 5 will become a transition to new board and management leadership. If, however, these conditions do not exist, the agreement will automatically renew as specified in Section 1 of the Term Sheet.

Community Involvement and Engagement

In my interviews and in studying programs at Overture, I have found a wide range of opinions and definitions. This category can be roughly divided into 2 domains: Overture’s education and outreach programs; and the community’s opinion in a general sense, of how welcome or involved they feel.

Given Overture’s young life, the array and quality of programs for the community is impressive, and there’s no reason to believe that they will not grow over time. 201 State has demonstrated its commitment to these programs through their fund-raising, and the staff expresses genuine enthusiasm for them. With the appointment of an Advisory Council that will provide valuable input and expertise, I am confident that Overture will not only be meeting community cultural education needs, but will be recognized widely as doing so.

I believe the Community Involvement and Engagement standard can be measured with 3 numerical factors:

- Overall aggregate budget of education and community engagement programs,
- Total number of citizens directly touched by these programs,
- Number and variety of programs offered.

As there are so many variables in how these programs can be born, grow, mature and die (the most prominent variable is foundation funding), I would not recommend imposing strict performance standards. I suggest that the budget for these programs needs to grow by a minimum of 3% year over year in the 5-year cycle; that the total number of citizens reached should grow by at least the same number; and that at a minimum, the number and variety of programs remain stable.

I believe that all “arts monuments” suffer from being branded elitist. Our 20th century history in the “high arts” conjures up images of wealthy patrons in tuxedos and ball gowns being dropped off in their limousines. Performing arts centers struggle with how to convince their publics that they are welcoming and friendly places. There are a number of best practices, as well as creative ideas that can alleviate and change public perception over time. I will not go into detail here, as I believe that 201 State and the Overture Center understands and acknowledges this challenge. For the sake of definitional clarity, however, I will describe one best practice. At the Kimmel Center here in Philadelphia we found that although the ushers, ticket office employees, maintenance and security workers were highly efficient and professional; they did not create a front of house atmosphere conducive to today’s highly diverse society. The Center and all of its employees engaged a specialist in customer relations, and over a period of a year worked intensively to change and improve. The result was and continues to be quite amazing. People now cut through the lobby on their way to other places, often lingering there to take in the contemporary

environment. Tables with chairs were provided for the general public. I actually hold meetings with my students in the lobby, and am made to feel welcome doing so.

It's these types of activities and efforts that will change public perception.

Artistic Standards

This particular standard is likely a moot point, or a red herring. It often appears in debates around performing arts centers. Advocates of high art criticize presentation of popular shows; advocates of a broad range of entertainment options criticize high art as elitist and exclusionary. Luckily, a performing arts center has to do all of these activities to make a go of it. A center devoted only to "high art" cannot survive; one devoted to more popular entertainment cannot survive. The popular shows can drive earned revenue; "high art" tends to drive donations. Both need each other, and today's managers and leaders fully understand this equation. I strongly recommend no artistic performance standards.

Transition

A knotty issue that needs resolution concerns who would manage the transition period. Who's in charge, so to speak? There's a legal question to be answered, and then there's the question of who leads it, and how.

I believe that MCAD is the legal entity that would manage the transition period, unless of course, legislative bodies were to decide otherwise. If MCAD were the legal manager of the transition, in any case, on July 1, 2012 it would need to be eliminated.

Transitions in the M & A business world are generally managed by a separate team, while the day-to-day operations of the business are managed by others. Yes, frequent interchange must and does take place between the 2 teams, but the composition of each entity is different. I propose a variation on this model, one that blends the 2 teams, but also clearly maintains separation.

A "Trio" that includes the MCAD Chair, the 201 State Foundation Chair and a person appointed by the Mayor, in consultation with the Common Council, will manage the transition. They will appoint a Coordinator of the Transition, a paid employee (by whom? – downsides to all options, so I suggest this person be an unclassified employee in City government, but whose salary is paid by privately-donated monies to 201 State for the purposes of the Transition), who would be in charge of the transition process.

H/she would report to the "Trio." The "Trio," in consultation with the Coordinator would select an advisory group of approximately 10 individuals, who would advise the transition process. This advisory body should be broadly representative of the various interests in play, as spelled out in the transfer agreement (s) between MCAD and the City and the 201 State. The "Trio's" work would be conducted in open meetings, except when executive sessions would be required to protect an individual's privacy.

Chapter Two: Staffing and Salaries

November 20, 2010, submitted by James Undercofler

I have isolated 4 questions related to this topic of analysis in the Focus Model:

1. Is the staffing model adequate to get the job done successfully?
2. Are the salaries in line with the market?
3. Is the union arrangement as outlined in the Term Sheet workable?
4. Are there special leadership issues that need attention?

The staffing model as outlined is adequate, perhaps even more so than to meet revenue expectations. It appears that the Focus Model adds approximately 6-7 positions to Overture's existing staffing. Some of this addition will be essential, e.g. a new leader in the area of fund-raising. Others will add horsepower to the education and marketing efforts.² In some of my interviews I heard concern that Overture, under private operation, would add more positions than necessary, and as such would drive up their costs, and that these costs would be passed on to resident companies and to community "renters." I do believe that there are some natural checks and balances that alleviate these concerns. One, by establishing clear financial goals as outlined in Chapter One, the leadership of 201 State and its management will be very careful in adding fixed costs (staffing). Two, rent levels are highly market sensitive. And three, by holding open meetings, resident companies' concerns can be heard and addressed.

The salaries, with the exception of the senior executive one, are generally in line with the local and regional market. The senior executive salary presents a conundrum.

Salaries for chief executives in similarly-sized performing arts centers, but in larger cities, are approximately double that listed in the Wolff Focus Model. This being said, the Madison market does not seem willing, and given its size comparison to much larger markets, able to support this level of salary. However, as the Overture Center takes its place among the great US performing arts centers, future boards may need to pay their chief executive more than is budgeted in the current plan. I believe that there will be sufficient flexibility in the overall salary budgets to accommodate this, if necessary. Considerable work has been done by all parties concerning labor issues. From my analysis and viewpoint, there is no one solution that meets everyone's concerns. It appears that the solution proposed in the Term Sheet is workable, and should be allowed to move forward. As in all situations of this type, where employees, some long-standing, feel an agonizing pull between their loyalties to an institution and their own long-term financial well-being, there is considerable worry and angst. 201 State and its senior management team will need to pay special and dedicated attention to this situation, especially insuring openness in its future negotiations with AFSCME Local 412 and IATSE.

Finally, here are some additional concerns regarding Staffing and Salaries. And perhaps these concerns are addressed more to the future operator, than to the Common Council.

One, the Wolff Focus Model is not a contract; it is a highly detailed, but a hypothetical plan. The salaries are in line with local standards (except as noted on the senior executive one) and the staffing model is quite standard, and certainly adequate to get the job done. This being said, a successful operation only comes with superior leadership at both the board and senior executive levels. These 2 people must relate

² It should be noted that some of these staff additions are planned for, or wished for "add backs," as they were staff positions cut as a result of the recent economic crisis.

well and cooperate, demonstrate high levels of expertise in leadership, and be open, listen and respond artfully to a wide range of community concerns.

Two, given the angst that the community has experienced throughout this entire process, and assuming that the Private/Public plan moves forward, the chief executive will need to demonstrate extraordinary human relations and communications skills to “right the ship” in the City of Madison.

Three, the resident companies matter – a lot! Overture management must keep its eyes on the balance between its operations (size of staff, level of salaries) and those of its resident companies. It’s all too easy to begin a process of escalation and misunderstanding that can result in true internal crises. Open and regular communications with the resident companies is highly recommended.

Chapter Three: Sales and Marketing

Submitted by James Undercofler, November 21, 2010

To: James Undercofler
From: Ed Cambron, Marketing Consultant
Re: The Overture Center for the Arts
AMS Operating Model Review
Marketing and Ticket Sales Evaluation of 5-Year Projections

The following review and opinion is based upon the Operating Forecast Report submitted by AMS Planning and Research, dated July 7, 2010. In addition, historical sales data obtained from Overture Center, President and CEO, Tom Carto was used in the analysis. It is my professional opinion, drawing upon over 25 years of experience in performing arts marketing, that the AMS projections regarding likely sales outcomes, marketing expenses, and marketing and public relations staffing needs are reasonable based upon industry standards and recent Overture Center data.

Sales and Ticket Price Trends

Broadway Ticket Sales projected in Year 1 of the 5 Year Model represent an overall 13% reduction in tickets sold based upon the completed FY10 Fiscal year, which included the blockbuster *Lion King*. In Year 5 ticket sales are 7% lower than the FY10 actual. This is in keeping with the AMS report assertion that blockbusters are not included in their forecast. It is also consistent with the revenue projections as the average Broadway ticket price paid, which was \$52.42 in FY10 and is projected to be \$52.00 in Year 1 of the Model, increasing to \$58.53 in year 5. This represents a modest price increase of 12.6% over a 5 year period. The 60 to 64 Broadways performances projected in the 5 year model appear consistent with the growth trend seen in the first few years of Broadway presentations. The average number of performances in the FY8-10 period was 42 and these performances sold at an overall 73% of capacity. The projection to sustain the FY11 level of 60 performances in Years 1 and 2 of the model is logical given the historical capacity sold, and more importantly the positive subscription sales trend. The percentage of seats sold on subscription to date for FY11 has increased to 24%, doubling the number of seats sold on subscription in FY10 (from 16,887 to 28,541). The model forecasts a modest 21% of capacity sold on subscription in Year 1. The average number of Broadway shows per package of 5 (FY11 actual and Year 1 projection) is a conservative estimate and less than the average 7 shows per package in FY08-10 seasons. These numbers indicate a plan to have fewer productions running for longer periods of time.

The base of Broadway buyers being accumulated by the Overture Center in these first few years represent an excellent opportunity to convert an even larger percentage of buyers to loyal subscribers. They are apparently doing a very good job of attracting and converting buyers to the subscription model. I would encourage the Overture Center to develop powerful retention tools on the subscription front in an effort to maintain this positive momentum.

The Overture Presents series is slightly more volatile than Broadway. Trends indicate that the number of performances have ranged from 126 to 49 from FY08 to FY11 with capacity hovering around 55%. However, subscription sales have been consistent around 15,000 tickets and 14% of capacity. My understanding is that some FY10 theatrical programs represented a large number of performances with a low capacity. Overall, I believe that the AMS projection to maintain the number of productions at 15-18 with a total of 41 performances with an average 2.5 performances per production, is sustainable. They have also projected a very conservative 41,250 seats sold (a reduction of 34% of total tickets sold based

on the average of 62,137 in FY08-10). This projection increases the percentage of capacity sold from around 55% to 67%. The average ticket price projected in Year 1 of the model is \$35.38, representing a 3% increase over the average price paid to date in FY11. Though programming in the Overture Presents series is more diverse, it is interesting that the number of subscription tickets sold has remained consistent. This suggests a dedicated group of followers that can be built upon but it also indicates that the Overture series is highly single ticket and program sensitive, possibly more so than Broadway. Given the relatively modest impact the educational and community outreach efforts have on the overall marketing expense and revenue projections, historical trends were not analyzed. They seem to be at an appropriate level for the size of the organization, and the assumption is that they drive contributed revenues not indicated in the model.

The average facility fee of \$3.35 is in keeping with industry standards, however the per-ticket surcharge average of \$2.90 appears somewhat low, but may be appropriate for the Madison area. I did not find any revenues calculated for the per-order charge of \$3.50 applied to most events currently sold on the Overture Center website. This revenue may be unidentified and embedded in other projected revenue lines.

Marketing Budget

The Marketing Budget forecast by AMS is consistent with historical trends. Expense allocations could be somewhat skewed due to the complexity of blending Overture Presents and Broadway expenses, especially within merged offers and promotions. It is also important to note that the marketing expense numbers do not include the marketing expenses covered by Broadway producers in the market. The AMS forecast of 8% of projected sales revenue (excluding labor costs) allocated to marketing is in keeping with industry standards for venues that include Broadway as part of their subscription offering. Overall the marketing expenses incurred in FY10 for Overture Presents was 7.5% of total ticket sales, AMS has project 13% of ticket sales in Year 1 of the model. I believe this is highly appropriate and more closely reflects industry standards. Clearly the allocation of marketing dollars is dependent upon product, packaging, and ticket price. Future marketing budgets will need to factor in these variables. It is also understood that the Overture Center is utilizing low cost, online promotion in a highly effective manner. Their website is professional and well organized for single ticket purchases, but the organization would benefit greatly by adding online subscription ordering capabilities.

Staffing Levels

The Marketing and Public Relations management structure in the 5 year model appears appropriate for the level of programming activity planned for the Overture Center. A staff of nine, led by a Director of Marketing who has a strong collaborative relationship with, and input into, the programming area should be sufficient to achieve the results in the model. The division of responsibilities with one overall manager, three positions focused on advertising, two focused on publicity and promotions, and a support staff of two creates a strong team. One area of concern is with the trend toward more online marketing and promotional efforts. It will be critical that the marketing team structure either be augmented to include a staff position for this area, or employees are identified who bring the needed skill set to the team in one or more of the Advertising Specialist positions. Salary levels appear competitive for the region.

It is my professional opinion that the marketing and ticket sales aspects of the model proposed by AMS Research and Planning are sound and reasonable. This conclusion is based upon the assumption that programming continues to meet audience demand. It also assumes that the marketing efforts remain robust and consistent.

Chapter Four: Fund Raising

Submitted by James Undercofler, November 22, 2010

From: Suzanne Stover, Development Consultant

Dear Jim:

Based on my review of the AMS development model and over 13 years of arts fundraising experience, I feel that the proposed fundraising plan is sound and its five-year goals attainable. This conclusion is based on the following considerations:

A Growing Annual Fund and a Pipeline to Major Gifts:

- Over the past two years, the Overture Center has focused its development efforts on drawing in new donors and volunteers, and building relationships – essential groundwork for developing a strong base of support.
- Due to these efforts, the Overture Center now benefits from a healthy pool of donors at all giving levels, with potential for continued and significant growth. 949 individual giving units are acknowledged for their gifts of \$100 + in the latest Overture Center biannual report, including 96 donors at the \$1,000+ level.
- Donors making annual gifts of \$1,000+ increased from 30 to 100 last year, with a goal set to double this number to 200 by this fiscal year-end, creating a viable pipeline for moving donors up to higher annual giving levels and to major gifts.

Buy-In from Key Stakeholders:

- The Overture Center benefits from a strong core of audience members, annual contributors, lead donors and board members who are invested in and committed to its success. A corps of 600 volunteers also serves Overture, a reflection of strong support from the Madison community and of the value it places on the arts.
- Keeping the community informed and involved throughout this process has been a priority for Overture Center staff. This transparency is key to building trust and support, and lays a firm foundation to build upon for the future.
- Key stakeholders – including board members and donors, audience members and administrative staff – are supportive of the restructuring plan– as are resident companies and the Madison Community Foundation. Administrative and development staff feel the development model is reasonable and the fundraising goals attainable.

Growth Potential in Corporate Sponsorships, Foundation Grants, and Endowment Support

- Corporate sponsors at the \$1,000+ level grew from 11 to 25 in the past year, an indication of good potential for continued growth in the future. With the called-for addition of a new director-level corporate relations position, and plans to extend the reach of the corporate giving program, Overture is well-positioned to build a strong core of corporate sponsors and a pipeline to move these donors up to higher giving levels.
- In addition to being positioned for significant growth in major gifts from individual and corporate donors, other fundraising sources that appear under-tapped include planned giving and foundation grants. In 2009, the National Endowment for the Arts awarded a grant for the Overture Center to support new programming, a harbinger of potential future successes in this area. An increased focus on raising funds for endowment will also have a long-term positive impact on the Center's fundraising sustainability.

Assessment of other AMS model fundraising considerations:

- The 5-year trajectory of fundraising goals presented in the model is appropriately conservative, taking into account that Overture's fundraising program is still in its early stages, having begun in earnest just three years ago. The goal to increase gift dollars raised through private sources by 54% from Year 1 to 5 seems reasonable and attainable, given increased staffing levels, strong support from a community that values the arts, a growing annual fund, and several fundraising areas identified as having good potential for significant future growth.
- The model doubles current development staffing levels by filling a vacant VP of Development position and adding a new Director of Corporate Relations. The number of fundraising FTEs called for and their areas of primary fundraising focus will position Overture for significant growth, allowing time to devote to their top contributors and to build relationships one-on-one with high-end annual fund supporters moving up the pipeline to major gifts.

These conclusions are based on the assumption that:

- Proposed development and communications staffing is in place by the start of Year I, and that a seasoned development professional with a proven track record of success is hired to lead the effort as VP.
- The Overture Center continues to benefit from a strong and committed board who plays a leadership role in this effort through their own giving, advocacy, and fundraising efforts, and who have the personal resources and networks to help secure the funds they need.

Chapter Five: Advisories

Submitted by James Undercofler, November 23, 2010

There are a number of issues, some already covered, that deserve isolation here.

1. The question of who owns Overture may be a moot point. The public would not allow an important downtown landmark to close its doors and be boarded up. Yes, there would be considerable debate and community-wide angst, but in the end the Council would be approached to provide increased funding as part of a complex “deal.” In my opinion, there’s no getting around this issue of de facto ownership. Whether in the end the “deal” is described as private/public or private/private, it won’t matter; It will be private/public.
2. Leadership, leadership, leadership: the success of Overture will not result from the model, but because of who the people who run it. Most important are the board chair and the CEO. They must both understand their roles, but must also possess extraordinary understanding of the unique skills necessary to successfully operate a performing arts center of the complexity of Overture. These types of performing arts centers ask leaders to be presenters and promoters, to be landlords of the most sensitive nature, to be creators and purveyors of community-based education and engagement programs, to interact in their communities as leaders in the arts and culture sector, etc., etc. Add to that the ability to interact successfully with multiple labor forces, and you’ve got a tough bill to fill.
3. The charge of elitism is a weapon and needs to be understood and responded to as such. It’s an irrational argument that should be addressed with the understanding that it is irrational. This implies responses that are multi-faceted, original-to-Madison, and sincere.
4. The Overture donors asked that their names not be placed on Overture, or on any space in it. They were wise in asking for this. I advise that no name ever be put on any space. There are just too many stories of placing the names of donors or businesses on buildings and interior space, and then having something go wrong: improper conduct of the donor, bankruptcy of the business, etc. My advice: make no naming a rule.
5. Set strict performance standards and reasonable reporting requirements, not fuzzy performance standards and overwhelming reporting requirements. Let management do its job.
6. The unionized workforce provides invaluable service to Overture. Recognize this and make them friends.
7. Adopt an operating principle of always “doing more with less.” At all times, even in times of economic prosperity, at least one of the resident companies will be experiencing economic difficulties. By demonstrating that Overture is doing its business with economy, all parties who “live” there will have a basis for being happy families.



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Master

File Number: 20225

File ID: 20225

File Type: Resolution

Status: Passed

Version: 3

Reference:

Controlling Body: COMMON COUNCIL

File Created Date : 10/12/2010

File Name: Amending the 2010 Operating Budget to appropriate \$25,000 from the Contingent Reserve to Miscellaneous Appropriations to hire The North Group, Incorporated for \$22,500 to conduct the independent review of the proposed operating model ("Focus Model") for t

Final Action: 11/09/2010

Title: Amending the 2010 Operating Budget to appropriate \$25,000 plus expenses not-to-exceed ~~\$1,000~~ \$2,000 from the Contingent Reserve to Miscellaneous Appropriations to hire Professor James Undercofler, Professor of Performing Arts and Arts Administration at Drexel University to conduct an independent review of the proposed operating model ("Focus Model") for the Overture Center, advise on performance standards and provide recommendations for the private, non-profit board selection and composition.

Notes:

Sponsors: Lauren Cnare, Shiva Bidar-Sielaff, Michael E. Verveer, Mark Clear, Larry Palm, Marsha A. Rummel, Joseph R. Clausius and Steve King

Enactment Date: 11/10/2010

Attachments: 20225 Version 1.pdf, Amended Version 1.pdf, Scope.pdf, Version 2, Registration Forms 10-19-2010.pdf, Registration Form 11-9-2010.pdf

Enactment Number: RES-10-00912

Author:

Hearing Date:

Entered by: lveldran@cityofmadison.com

Published Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Council Office	10/14/2010	RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2.05, 2.24, & 2.25 - MISC. ITEMS				
	Action Text:		This Resolution was RECOMMEND TO COUNCIL TO ADOPT UNDER SUSPENSION OF RULES 2.04, 2.05, 2.24, & 2.25 - MISC. ITEMS				
	Notes:		Business by the President & 15 VOTES REQUIRED				
1		10/19/2010					

1		10/19/2010					
1	COMMON COUNCIL	10/19/2010	Refer to a future Meeting to Adopt	COMMON COUNCIL	11/09/2010	10/19/2010	Fail
	Action Text:	A motion was made by Ald. Compton, seconded by Ald. Bruer, to Refer to a future Meeting to Adopt to the COMMON COUNCIL, due back on 11/9/2010. The motion FAILED by voice vote/other.					
	Notes:	Excused: 4 David J. Cieslewicz; Shiva Bidar-Sielaff; Julia S. Kerr and Michael Schumacher					
1	COMMON COUNCIL	10/19/2010	Adopt				Fail
	Action Text:	A motion was made by Ald. Solomon, seconded by Ald. Rhodes-Conway, to Adopt with the following Friendly Ammendments: Paragraph 1:Please assess public ownership of the facility with private management of the operations, including the uniqueness of the structure, the likelihood of success in terms of financial viability and community relations, and the current lack of community support, and propose critical tenets that must be included in a management agreement; Paragraph 3: Should the city explore other models? How do these models compare and what are their relative advantages and disadvantages?; Paragraph 4: (new paragraph): Should the city consider any long term requirements in Board membership of the non-profit operator to increase the likelihood of the long term success of Overture? The motion FAILED by the following vote:					
		Ayes: Clausius, Clear, Cnare, Eagon, King, Maniaci, Palm, Rhodes-Conway, Rummel, Sandborn, Schmidt, Skidmore, Solomon and Verveer.					
		Noes: Bruer, Compton and Pham-Remmele					
	Notes:	Excused: Bidar-Sielaff, Kerr and Schumacher. The motion FAILED by the following vote: Ayes: Clausius, Clear, Cnare, Eagon, King, Maniaci, Palm, Rhodes-Conway, Rummel, Sandborn, Schmidt, Skidmore, Solomon and Verveer. Noes: Bruer, Compton and Pham-Remmele Excused: Bidar-Sielaff, Kerr and Schumacher. Excused: 4 David J. Cieslewicz; Shiva Bidar-Sielaff; Julia S. Kerr and Michael Schumacher					
2	COMMON COUNCIL	11/09/2010	Reconsider				Pass
	Action Text:	A motion was made by Ald. Bidar-Sielaff, seconded by Ald. Cnare, to Reconsider . The motion passed by voice vote/other.					
	Notes:						
3	COMMON COUNCIL	11/09/2010	Adopt the Following Friendly Amendment(s)				Pass
	Action Text:	A motion was made by Ald. King, seconded by Ald. Rummel, to Adopt Friendly Ammendment(s): Adding the words "if at all feasible" to the end of Ald. Palm's Friendly Ammendment. The motion passed by the following vote:					
	Notes:	Absent: 1 Marsha A. Rummel Excused: 1 Satya V. Rhodes-Conway Ayes: 12 Michael E. Verveer; Shiva Bidar-Sielaff; Steve King; Bryon A. Eagon; Brian L. Solomon; Chris Schmidt; Julia S. Kerr; Larry Palm; Mark Clear; Jed Sanborn; Bridget R. Maniaci and Lauren Cnare Noes: 6 Paul E. Skidmore; Tim Bruer; Judy Compton; Joseph R. Clausius; Michael Schumacher and Thuy Pham-Remmele Non Voting: 1 David J. Cieslewicz					
3	COMMON COUNCIL	11/09/2010	Adopt the Following Friendly Amendment(s)				Pass
	Action Text:	A motion was made by Ald. Palm, seconded by Ald. Rummel, to Adopt Friendly Ammendment(s): Add the language "If feasible, visit Madison before finalizing the report." The motion passed by the following vote:					
	Notes:	Excused: 1 Satya V. Rhodes-Conway					

Ayes: 15 Michael E. Verveer; Shiva Bidar-Sielaff; Marsha A. Rummel; Steve King; Bryon A. Eagon; Brian L. Solomon; Chris Schmidt; Julia S. Kerr; Tim Bruer; Larry Palm; Joseph R. Clausius; Mark Clear; Jed Sanborn; Bridget R. Maniaci and Lauren Cnare
Noes: 4 Paul E. Skidmore; Judy Compton; Michael Schumacher and Thuy Pham-Remmele
Non Voting: 1 David J. Cieslewicz

3 COMMON COUNCIL 11/09/2010 Adopt With Amendment(s) Pass

Action Text: A motion was made by Ald. Bidar-Sielaff, seconded by Ald. Verveer, to Adopt With Amendment(s) .
The motion passed by the following vote:

Notes:

Excused: 1 Satya V. Rhodes-Conway

Ayes: 16 Lauren Cnare; Michael E. Verveer; Shiva Bidar-Sielaff; Marsha A. Rummel; Steve King; Bryon A. Eagon; Brian L. Solomon; Chris Schmidt; Julia S. Kerr; Tim Bruer; Larry Palm; Joseph R. Clausius; Michael Schumacher; Mark Clear; Jed Sanborn and Bridget R. Maniaci

Noes: 3 Paul E. Skidmore; Judy Compton and Thuy Pham-Remmele

Non Voting: 1 David J. Cieslewicz

Text of Legislative File 20225

Title

Amending the 2010 Operating Budget to appropriate \$25,000 plus expenses not-to-exceed ~~\$1,000~~ \$2,000 from the Contingent Reserve to Miscellaneous Appropriations to hire Professor James Undercofler, Professor of Performing Arts and Arts Administration at Drexel University to conduct an independent review of the proposed operating model ("Focus Model") for the Overture Center, advise on performance standards and provide recommendations for the private, non-profit board selection and composition.

Body

WHEREAS, the Common Council on August 3, 2010 passed 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 and created an independent citizen group to review and analyze the future business plan of Overture to determine its financial feasibility; and,

WHEREAS, on October 8, 2010 the Overture Ad Hoc Committee made several recommendations; and,

WHEREAS, one recommendation from the Overture Ad Hoc Committee encouraged the City of Madison to hire an independent consultant to examine the financial assumptions in the proposed operating model ("Focus Model) to determine its accuracy and achievability; and,

WHEREAS, the Common Council believes that in order to do its due diligence an independent consultants should be hired to conduct additional review of the Overture Center proposed operating model ("Focus Model"); and,

WHEREAS, time constraints do not allow for a complete competitive Request For Proposal (RFP) process, necessitating a sole source contract;

NOW THEREFORE BE IT RESOLVED, that the Common Council amends the 2010 Operating Budget to appropriate ~~\$26,000~~ \$27,000 from the Contingent Reserve to Miscellaneous Appropriations to hire Professor James Undercofler, Professor of Performing Arts and Arts

Administration at Drexel University to conduct an independent review of the proposed operating model ("Focus Model") for the Overture Center, advise on performance standards and provide recommendations for the private, non-profit board selection and composition.

Fiscal Note

\$1,141,000 remains available in the 2010 Contingent Reserve. This appropriation would have no impact on the City's eligibility under the State Expenditure Restraint Program.

Overture Professional Review of AMS “Focus Model” Scope of Service

The City of Madison is engaging a consultant to provide a professional review of the AMS Focus Model to assist the Common Council in better understanding the assumptions and conclusions presented in the Model report and documents.

The consultant will examine and provide responses to the following questions, using the AMS report, interviews with relevant stakeholders, employees, and community members, as well as other sources in its exploration. The consultant is encouraged to offer additional insights regarding “red flags” or “golden opportunities” that may result from adopting this model.

Ownership and Staffing

Please assess public ownership of the facility with private management of the operations, including the uniqueness of the structure, the likelihood of success in terms of financial viability and community relations, and propose critical tenets that must be included in a management agreement.

Additionally, recommend or comment on various staffing models: all public (city) employees, all private (hired and managed by the not-for-profit manager), or a mix of public and private employees. Assume IATSE and AFSCME union participation remains in the all scenarios.

Should the city explore other models (public/public and private/private)?

Financial Projections

Are the underlying assumptions realistic?

- Staffing – number/type of positions, salaries (comparable, necessary?)
- Can increased sales be achieved?
- Are the fund raising goals realistic to support the Overture and can they be met?
- Assess the pros and cons of fundraising capabilities of a public (city-owned and run) entity vs. a city-owned and private (not-for-profit run) facility. Can they raise funds equally or which model is likely to be more successful?
- Are the assumptions of the model, financial and programmatic, sound and reasonable? Are there any red flags that you suggest be further reviewed?
- Based on historical performance, should the same team remain, even under a different structure?
- Are there any models or precedent for issuing an RFP or having an open competition of some sort to hire a non-profit management organization?
- Do the assumptions fit the size and type of community Madison is, considering the size of the facility?

Artistic Assumptions

Is the proposed mix of programs appropriate viable for this community? (e.g. Broadway and resident company mixed in with promoter driven and free community events?)

Deliverables:

Council Briefing Nov. 4, 2010: preliminary report (estimated.)

Final report and availability for discussion Nov. 9, 2010 (estimated)