

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

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|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------|
| 1. Name of Initiator Gregory Dubay | | 2. Telephone No. 3-3191 | 3. Bureau/Office/Dept. PP&R/WCA/CMC |
| 5a. To be filed (date) January 20, 2010 | 5b. Calendar (Check One) <div style="display: flex; justify-content: space-around;"> Regular Γ Consent Ξ 4/5ths Γ </div> | | 4. Date Submitted to FPD Budget Analyst: January 14, 2010 |

1) Legislation Title:

Authorize an agreement with the Community Music Center, Inc. to provide additional services and programs through the Community Music Center (Ordinance).

2) Purpose of the Proposed Legislation:

The contract end date for the on-going agreement between the City and the non-profit partner group at the Community Music Center has lapsed. A new 5 year agreement - retroactive to this fiscal year - is ready for adoption. The new agreement was made to: 1) change house keeping items, 2) update language, 3) revise the mechanism for calculating the financial responsibilities of each party, and 4) increase the support from the non-profit for activities at the Center.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? Generate & increase.

If so, by how much? The new contract is expected to bring in \$475,135 over five years. This is an increase of \$98, 735 over current levels. The following are 3 hypothetical examples of revenue calculations under the contract in year one.

Example 1 – Program income more than instructor wages, cap applies (typical)

Program Fees Collected: \$350,000

Instructor Wages: \$275,000

CMC Inc. Pays City: $\$275,000 - (\$350,000 \times 50\%) = \$100,000$, but since cap is \$89,500 in year one, final payment is \$89,500.

City net revenue (both sources, less instructor wages): $\$164,500 [\$350,000 + \$89,500 - \$275,000]$.

Example 2 – Program income more than instructor wages, cap does not apply (less probable)

Program Fees Collected: \$350,000

Instructor Wages: \$250,000

CMC Inc. Pays City: $\$250,000 - (\$350,000 \times 50\%) = \$75,000$.

City net revenue (both sources, less instructor wages): $\$175,000 [\$350,000 + \$75,000 - \$250,000]$

Example 3 – Instructor wages less than 50% of program income (not likely)

Program Fees Collected: \$350,000

Instructor Wages: \$150,000

City pays CMC Inc.: $(\$350,000 \times 50\%) - \$150,000 = \$25,000$

City net revenue (both sources, less instructor wages): $\$175,000 [\$350,000 - \$25,000 - \$150,000]$

If new revenue is generated please identify the source.

Additional revenue comes from the non-profit through its fundraising efforts and endowment distributions.

4) Expense:

What are the costs to the City as a result of this legislation? No net cost increase.

What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? No.

*(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions.
If the position is limited term please indicate the end of the term.)*

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6) Will positions be created or eliminated in *future years* as a result of this legislation? No.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

| Fund | Center Code | Account | Amount | Project Fund | Project No. |
|------|-------------|---------|--------|--------------|-------------|
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APPROPRIATION UNIT HEAD (Typed name and signature)