

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE )  
FY 2002-03 BUDGET AND APPROPRIATIONS )  
SCHEDULE BY TRANSFERRING \$740,000 )  
FROM CONTINGENCY IN THE MERC )  
OPERATING FUND TO TRANSFER OF )  
RESOURCES (TO THE CONVENTION CENTER )  
PROJECT CAPITAL FUND), AND DECLARING )  
AN EMERGENCY )

ORDINANCE NO. 03-998  
Introduced by:  
Mark Williams, Chief Operating Officer  
with the concurrence of  
David Bragdon, Council President

WHEREAS, the Metro Council has reviewed and considered the need to transfer appropriations within the FY 2002-03 budget; and,

WHEREAS, the need for the transfer of appropriation has been justified; and,

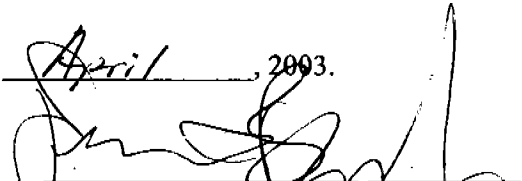
WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2002-03 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of transferring funds from Contingency to the Transfer of Resources in the MERC Operating Fund.

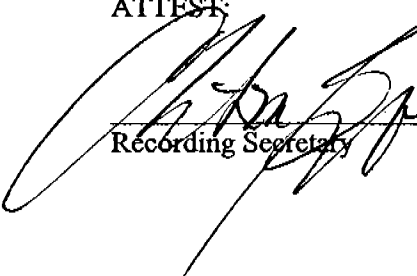
2. That because this Ordinance is necessary for the immediate preservation of the public health, safety, or welfare of the Metro area in order to meet obligations and comply with Oregon Budget law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this 3rd day of April, 2003.

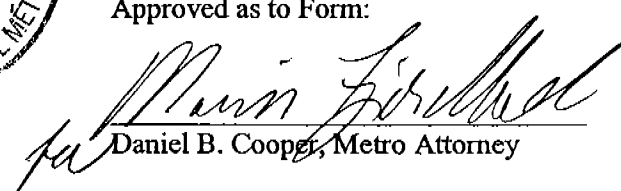
  
David Bragdon, Council President



ATTEST:

  
Recording Secretary

Approved as to Form:

  
Daniel B. Cooper, Metro Attorney

**Exhibit A  
Ordinance No.03-998**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>MERC OPERATING FUND</b>							
<b>TOTAL RESOURCES</b>			<b>\$43,664,295</b>		<b>\$0</b>		<b>\$43,664,295</b>
<b>Total Personal Services</b>		<b>181.91</b>	<b>\$12,727,325</b>	<b>0.00</b>	<b>\$0</b>	<b>181.91</b>	<b>\$12,727,325</b>
<b>Total Materials &amp; Services</b>			<b>\$15,516,888</b>		<b>\$0</b>		<b>\$15,516,888</b>
<b>Total Debt Service</b>			<b>\$310,694</b>		<b>\$0</b>		<b>\$310,694</b>
<b><i>Interfund Transfers</i></b>							
<i>INDTEX</i>	<i>Interfund Reimbursements</i>						
5800	Transfer for Indirect Costs		0		0		0
	* to Support Services Fund		1,437,106		0		1,437,106
	* to General Fund		107,074		0		107,074
	* to Risk Management Fund - Liability		210,676		0		210,676
	* to Risk Management Fund - Workers Com		73,295		0		73,295
<i>INTCHG</i>	<i>Internal Service Transfers</i>						
5820	Transfer for Direct Costs		0		0		0
<i>EQTCHG</i>	<i>Fund Equity Transfers</i>						
5810	Transfer of Resources						
	* to MERC Pooled Capital		1,886,278		0		1,886,278
	* to Convention Center Project Capital Fund		0		740,000		740,000
	* to Risk Management Fund		0		0		0
	* to Revenue Bond Fund		1,078,865		0		1,078,865
<b>Total Interfund Transfers</b>			<b>\$4,793,294</b>		<b>\$740,000</b>		<b>\$5,533,294</b>
<b><i>Contingency and Ending Balance</i></b>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency		1,223,769		(740,000)		483,769
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance		9,092,325		0		9,092,325
<b>Total Contingency and Ending Balance</b>			<b>\$10,316,094</b>		<b>(\$740,000)</b>		<b>\$9,576,094</b>
<b>TOTAL REQUIREMENTS</b>		<b>181.91</b>	<b>\$43,664,295</b>	<b>0.00</b>	<b>\$0</b>	<b>181.91</b>	<b>\$43,664,295</b>

**Exhibit A**  
**Ordinance No.03-998**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>MERC OPERATING FUND OREGON CONVENTION CENTER (FOR INFO ONLY)</b>							
<b>TOTAL RESOURCES</b>			<b>\$24,932,835</b>		<b>\$0</b>		<b>\$24,932,835</b>
<b>Total Personal Services</b>		<b>131.80</b>	<b>\$6,883,244</b>	<b>0.00</b>	<b>\$0</b>	<b>131.80</b>	<b>\$6,883,244</b>
<b>Total Materials &amp; Services</b>			<b>\$9,864,645</b>		<b>\$0</b>		<b>\$9,864,645</b>
<b>Total Debt Service</b>			<b>\$213,043</b>		<b>\$0</b>		<b>\$213,043</b>
<b><u>Interfund Transfers</u></b>							
<b><i>INDTEX Interfund Reimbursements</i></b>							
5800	Transfer for Indirect Costs				0		
	* to Support Services Fund		745,726		0		745,726
	* to General Fund		55,562		0		55,562
	* to Risk Management Fund - Liability		109,322		0		109,322
	* to Risk Management Fund - Workers Comp		38,033		0		38,033
<b><i>EQTCHG Fund Equity Transfers</i></b>							
5810	Transfer of Resources						
	* to MERC Pooled Capital		1,787,200		0		1,787,200
	* to Convention Center Project Capital Fund		0		740,000		740,000
<b>Total Interfund Transfers</b>			<b>\$2,735,843</b>	<b>0.00</b>	<b>\$740,000</b>		<b>\$3,475,843</b>
<b><u>Contingency and Ending Balance</u></b>							
<b><i>CONT Contingency</i></b>							
5999	Contingency		743,273		(740,000)		3,273
<b><i>UNAPP Unappropriated Fund Balance</i></b>							
5990	Unappropriated Fund Balance		4,492,787		0		4,492,787
<b>Total Contingency and Ending Balance</b>			<b>\$5,236,060</b>		<b>(\$740,000)</b>		<b>\$4,496,060</b>
<b>TOTAL REQUIREMENTS</b>		<b>131.80</b>	<b>\$24,932,835</b>	<b>0.00</b>	<b>\$0</b>	<b>131.80</b>	<b>\$24,932,835</b>

**Exhibit A**  
**Ordinance No.03-998**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>CONVENTION CENTER PROJECT CAPITAL FUND</b>							
<i>Resources</i>							
<i>BEGBAL Beginning Fund Balance</i>							
	* Prior year ending balance		59,352,069		(740,000)		58,612,069
<i>INTRST Interest Earnings</i>							
4700	Interest on Investments		252,863		0		252,863
4970	Transfer of Resources						
	* from MERC Operating Fund		0		740,000		740,000
<b>TOTAL RESOURCES</b>			<b>\$59,604,932</b>		<b>\$0</b>		<b>\$59,604,932</b>
Total Personal Services		4.80	\$451,893	0.00	\$0	4.80	\$451,893
Total Materials & Services			\$22,700		\$0		\$22,700
Total Capital Outlay			\$58,928,202		\$0		\$58,928,202
Total Interfund Transfers			\$202,137		\$0		\$202,137
Total Contingency and Ending Balance			\$0		\$0		\$0
<b>TOTAL REQUIREMENTS</b>		<b>4.80</b>	<b>\$59,604,932</b>	<b>0.00</b>	<b>\$0</b>	<b>4.80</b>	<b>\$59,604,932</b>

**Exhibit B**  
**Ordinance No. 03-998**  
**FY 2002-03 SCHEDULE OF APPROPRIATIONS**

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Amended Appropriation</u>
<b>MERC Operating Fund</b>			
<b>Requirements</b>			
Operating Expenses (PS & M&S)	\$28,244,213	\$0	\$28,244,213
Debt Service	310,694	0	310,694
Interfund Transfers	4,793,294	740,000	5,533,294
Contingency	1,223,769	(740,000)	483,769
Unappropriated Balance	9,092,325	0	9,092,325
<b>Total Fund Requirements</b>	<b>\$43,664,295</b>	<b>\$0</b>	<b>\$43,664,295</b>
<b>Convention Center Project Capital Fund</b>			
<b>Resources</b>			
Beginning Fund Balance	\$59,352,069	(\$740,000)	\$58,612,069
Interest	252,863	0	252,863
Fund Equity Transfers	0	740,000	740,000
<b>Total Fund Resources</b>	<b>\$59,604,932</b>	<b>\$0</b>	<b>\$59,604,932</b>

*All Other Appropriations Remain as Previously Adopted*

## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-998 FOR THE PURPOSE OF AMENDING THE FY 2002-03 BUDGET AND APPROPRIATIONS SCHEDULE BY TRANSFERRING \$740,000 FROM CONTINGENCY IN THE MERC OPERATING FUND TO THE TRANSFER OF RESOURCES (TO THE CONVENTION CENTER PROJECT CAPITAL FUND), AND DECLARING AN EMERGENCY.

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Date: February 25, 2003

Prepared by: Sheryl Manning  
Bryant Enge  
Jeff Blosser

### BACKGROUND

The Commission previously approved and transmitted FY 02-03 budgets to the Metro Council, including the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund budgets. Subsequent to that date, staff has become aware of the need for transfer of \$740,000 from the Oregon Convention Center Contingency for furniture, fixture and equipment needs for the expansion of the Oregon Convention Center.

The Metropolitan Exposition-Recreation Commission (MERC) approved the budget amendment and granted the authority to MERC staff to prepare and present a budget ordinance to the Metro Council to amend the FY 02-03 budget to reflect the above change.

### ANALYSIS/INFORMATION

**1. Known Opposition.**

None.

**2. Legal Antecedents.**

Under Oregon Budget law, an ordinance is required to amend the adopted budget and appropriation schedule.

**3. Anticipated Effects:** This amendment will shift appropriation from Contingency to Interfund Transfer in the MERC Operating Fund. The purpose of this shift is to provide OCC sufficient resources for furniture, fixture, and equipment needs for the expansion of the Oregon Convention Center.

**4. Budget Impacts.** This amendment has no impact on total appropriations for that budget year. The amendment will provide MERC the ability to transfer up to \$740,000 from the MERC Operating fund to cover the costs of furniture, fixtures, and equipment related to the convention center expansion project. It is necessary to move this appropriation from Contingency to Transfer of Resources in order to be in compliance with Oregon Budget Law.

### RECOMMENDATION

The Chief Operating Officer recommends approval of Ordinance No. 03-998.

Attachment 1: MERC Resolution, Staff Report and Information

**METROPOLITAN EXPOSITION-RECREATION COMMISSION**

**Resolution No. 03-04**

**For the purpose of Authorizing a budget amendment to the Fiscal Year 02-03 Adopted Budget for the MERC Operating Fund to authorize the expenditure of funds from "Contingency" in the Fiscal Year 02-03 Budget, and approving transmittal of the amendment to the Metro Council.**

WHEREAS, Metro Code 6.01.050 provides that the Commission shall annually prepare and approve an annual budget which shall, to the maximum extent permitted by law, consist of one commission-wide series of appropriations in those categories which are required by local budget law, applicable to all buildings, facilities, and programs managed by the Commission; and

WHEREAS, the Commission previously approved and transmitted to the Metro Council the Fiscal Year 02-03 budgets for the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund,

WHEREAS, the Commission has recently been made aware of the need for the approval of the authorization to spend \$743,000 from Contingency for furniture, fixture and equipment needs for the expansion of the Oregon Convention Center.

WHEREAS, this authorization will be effected as follows: first, a transfer from "Contingency" to "Transfer Out" in the MERC Operating Fund, and then, a transfer to the Convention Center Capital Fund.

**BE IT THEREFORE RESOLVED:**

1. The Metropolitan Exposition-Recreation Commission hereby approves the above budget amendment and submits it to the Metro Council under the Metro Code applicable to FY 02-03; and
2. The Commission grants the authority to MERC staff to prepare and present a Budget Ordinance to the Metro Council to amend the Fiscal Year 02-03 budget to reflect the above change.

Passed by the Commission on February 26, 2003.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Secretary-Treasurer

Approved As To Form:  
Daniel B. Cooper, Metro Attorney

By: \_\_\_\_\_

## MERC STAFF REPORT

**Agenda Item:** Approving an amendment to the Fiscal Year 02-03 MERC Operating Fund Budget transmittal of the amendment to the Metro Council.

**Resolution No.** 03-04

**Date:** February 26, 2003

**Presented by:** Bryant Enge and Jeff Blosser

**Description of Resolution:** Resolution 03-04 would approve an amendment to the Fiscal Year 02-03 MERC Operating Fund Adopted Budget by a duly adopted resolution at a regular public meeting of the Commission, and further instruct MERC staff to prepare and present to the Metro Council a budget amendment ordinance to implement the changes.

**Background:** The Commission previously approved and transmitted to the Metro Council the Fiscal Year 02-03 budgets, including the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund budgets. Subsequent to that date, staff has become aware of the need for the approval of the authorization to spend \$743,000 from Oregon Convention Center Contingency for furniture, fixture and equipment needs for the expansion of the Oregon Convention Center, as described in the accompanying Exhibit A.

**Discussion and Analysis:** See Exhibit A.

**Financial Impact:** The amendment proposed for the Fiscal Year 02-03 budget has no impact on total appropriations for that budget year. The amendment will provide MERC the ability to transfer up to \$743,000 from the MERC Operating fund to cover the costs furniture, fixtures and equipment related to the convention center expansion project. It is necessary to move this appropriation, from Contingency to Transfer of Resources, in order to be in compliance with Oregon Budget Law.

**Recommendation:** Staff recommends that the Commission approve the amendment to the Fiscal Year 02-03 MERC Operating Fund Budget.



**OCC EXPANSION STATUS**  
**February 2003 MERC Commission Meeting**  
**Exhibit A to Staff Report In Support of Resolution 03-04**

**1. Summary Financial Information**

Base Contract		\$ 98,500,000
Change Order 1	(Additional items paid for by savings from bids)	0
Change Order 2 (Revised)	(CIP Funding – for existing bldg. retrofit)	3,570,981
Change Order 3	(Transfer of soft costs for design issues not contemplated in the project or requiring re-design )	1,100,500
Change Order 4	(Transfer for additional design issues, which in turn, placed other items on hold – see #4 below)	0
Total GMP		<u>\$103,171,481</u>

**2. Revenue Shortfalls**

The project budget was established in 2000 which included estimated interest revenue from the bonds at \$7,600,000. In late 2000, interest rates fell, which reduced the total interest for the project to an estimated \$5,400,000. The reduction of \$2,200,000 required the project team to make a reduction of the project scope by value engineering the construction, reducing budgets for furniture and equipment, and tightening the amount of contingency available for the Project Budget to approximately 5%. This allowed for the construction of the designed project without requiring redrawing, kept the project on schedule (which came at a cost), and left funding for furniture and equipment to be found at a later date.

**3. Unanticipated Cost Increases**

The cost impacts to the project in Change Order 4 are to pay for unanticipated additional work to meet code and operational requirements. This work, not defined in the contract documents and thus not contracted with CM/GC, includes additional work to monitor the smoke control systems, provide code and operational construction in “volunteers,” and to correct designs with mechanical systems. This work must be completed to receive occupancy from the City.

**4. Items Remaining to be Funded**

Signage, Ops Renovation, C Hall Speaker Upgrade, Concession Grill	\$ 885,000
Build out of Aramark/Starbuck concessions	930,000
FF&E (estimate- getting bids now)	<u>1,200,000</u>
Estimated Total	<u>3,015,000</u>

**5. Sources of Funding for Remaining Items**

Extension of Aramark Contract	\$ 750,000
Funds in '03 OCC Aramark Reserve	100,000
Potential Settlement with Design Team (\$600-\$750k)	600,000
Hoffman Construction Savings	<u>500,000</u>
	<u>1,950,000</u>

**6. Approximate Estimated Future Shortfall** **\$ 1,000,000**

**7. Proposed Solution**

A philosophical and strategic decision must be made to provide the funds to finish this important project. It is important to finish the project as completely as possible, to finish it well, and to finish it with as many revenue producing elements in place as possible.

The proposed solution to fund the remaining items is to spend contingency/fund balance, which will require MERC commission and Metro council action. As of December 31, 2002 OCC had a fund balance of approximately \$5 million,

with a budgeted contingency of \$743,000 for FY'03. We are proposing to authorize the expenditure of \$743,000 contingency from the '03 OCC Budget and authorize an additional \$260,000 to be spent in '04 if necessary. OCC is concurrently proposing a pay back plan which is page 2 of this report.

Date: February 7, 2003  
From: Jeff Blosser, OCC Facility Director  
To: Sheryl Manning, MERC General Manager  
Re: Payback Plan for FF&E Purchase Using OCC Contingency

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**Background**

It is estimated that \$1 million is required to complete the project. As such, staff is asking the commission to consider and approve amending the fiscal year 2002-03 to move resources from contingency to interfund transfers and revise the fiscal year 2003-04 budget to increase interfund transfers. These funds will be used to purchase necessary furniture, fixtures and equipment to properly equip the expanded facility to create and sustain a competitive advantage and meet OCC's client expectations.

**Payback Plan**

The following outlines the plan to replenish that portion of fund balance committed to fund the completion of the project:

- a. Any funds remaining from the expansion project will be applied to FF&E after the CIP items are reimbursed.
- b. Savings from the management of the fiscal year 2002-03 and 2003-04 materials and services budgets will flow to fund balance.
- c. Savings from the OCIP banked funds after all claims have been closed will flow into fund balance. This may be a two-three year wait.
- d. Revenue generated from Front Row Marketing Program for sponsorship, naming, and advertising related to OCC assets will provide resources to go into fund balance. This is a long term approach but could be the best opportunity to replenish fund balance in the shortest period of time with the most revenue potential.

cc: Bryant Enge