

**METROPOLITAN EXPOSITION RECREATION COMMISSION**

**Resolution No. 13-08**

For the purpose of approving and transmitting to the Metro Council a budget amendment to the MERC Fund for current fiscal year 2012-13.

**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; and

**WHEREAS**, Metro Code 6.01.050(d) further provides that once the Commission's budget has been adopted by the Metro Council, any changes in the adopted appropriations must be ratified in advance by the Metro Council; and

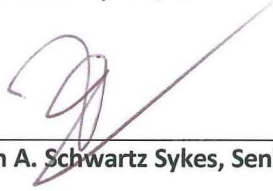
**WHEREAS**, the Commission previously approved and transmitted to the Metro Council the fiscal year 2012-13 budgets for the MERC Fund; and

**WHEREAS**, MERC staff request amendments to the current budget for the reasons described in the attached Staff Report.

**BE IT THEREFORE RESOLVED**, that the Metropolitan Exposition Recreation Commission approves a budget amendment to the MERC Fund as described in the attached Staff Report for the fiscal year beginning July 1, 2012 and ending June 30, 2013 for inclusion as part of the total Metro budget for this period and requests that the Metro COO present this to the Metro Council for ratification.

Passed by the Commission on May 7, 2013.

Approved as to Form:  
Alison Kean Campbell, Metro Attorney



By:  
Nathan A. Schwartz Sykes, Senior Attorney

  
Chair  
  
Secretary/Treasurer

## MERC Staff Report

**Agenda Item/Issue:**

For the purpose of approving and transmitting to the Metro Council a budget amendment to the MERC Fund for fiscal year 2012-13

**Resolution No:** 13-08

**Presented By:** Cynthia Hill

**Date:** May 7, 2013

**Background and Analysis:**

Food & beverage sales are greater than the original budget anticipated. The increase in revenue has an offsetting increase in expenditures. This amendment will increase expenditures by borrowing appropriation from the appropriated reserves, which are the Operating Contingency and the Business Strategy reserves. The accounting for the PCPA New Era Ticketing contract is creating a similar increase in revenue and offsetting expenditures. The increased revenues will be acknowledged and the expenditure appropriation will be increased. At year end the increased revenues will replenish the appropriate reserves.

**1. Food & Beverage**

**Oregon Convention Center (OCC)**

OCC food and beverage revenue forecast is \$9.8 million, an increase of \$1.6 million over the adopted budget of \$8.2 million. Food and beverage cost forecast is \$8.3 million, an increase of \$1.4 million over the adopted budget of \$6.9 million. The projected margin is 16.1 percent with net revenue of \$1.6 million. The original budget estimate was 16.34 percent. Several events have experienced stronger than expected food & beverage sales and OCC has booked five additional conventions this year.

**Portland Center for Performing Arts (PCPA)**

PCPA food and beverage revenue forecast is \$2.0 million, an increase of \$284 thousand over the adopted budget of \$1.7 million. Food and beverage cost forecast is \$1.7 million, an increase of \$207 thousand over the adopted budget of \$1.5 million. The projected margin is 15.8 percent with net revenue of \$316 thousand. The original budget estimate was 13.92 percent. Increased sales are a result of a strong concert schedule and Broadway season.

**Portland Exposition Center (Expo)**

Expo food and beverage revenue forecast is \$1.8 million, close to the adopted budget of 1.9 million. Food and beverage cost forecast is \$1.6 million, an increase of \$65 thousand over the adopted budget of \$1.5 million. The projected margin is 13.34 percent with net revenue of \$242 thousand; the original budget estimate was 19.28 percent and \$360 thousand. Labor costs are greater as Expo has invested in the culinary quality of the concession foods and customer experience. Reserve expenditures have also increased as well as operating costs to meet these standards. Concession price increases took place in February 2013 to offset these increases.

<b>Account</b>		<b>Amount</b>
<b>Resources:</b>		
Food & Beverage Revenue (increase)		\$1,855,480
	<b>Total Resources</b>	<b>\$1,855,480</b>

<b>Requirements:</b>		
Food & Beverage Costs		\$1,651,941
	<b>Total Expenditure</b>	<b>\$1,651,941</b>
<b>RESERVES &amp; FUND BALANCE:</b>		
Unappropriated Fund Balance		\$1,855,480
Appropriated Reserves		(\$1,651,941)
	<b>Net Increase</b>	<b>\$203,538</b>

**2. PCPA Ticket Services**

PCPA operating revenues continue to trend above the budget line. This trend is partially due to the first year of the new ticketing system. PCPA collects the full service charge then pays the ticketing company their ticket agency fee and pays the credit card expense reflected in a materials and service. Under the old system, the former ticketing company took their fee out prior to sending ticket commissions to us. The FY 2012-13 budget was developed before the new contract was in place. This action will amend the budget to reflect the change in accounting for the New Era ticketing contract.

Account		Amount
<b>REVENUE:</b>		
Ticket Services Charge		\$661,349
	<b>Total Revenue</b>	<b>\$661,349</b>
<b>EXPENDITURE:</b>		
Ticket Agency Fee		\$434,209
Credit Card Expense		\$208,073
Ticket Services Charge		\$400,000
	<b>Total Expenditure</b>	<b>\$642,282</b>
<b>RESERVES &amp; FUND BALANCE:</b>		
Unappropriated Fund Balance		\$661,349
Appropriated Reserves		(\$642,349)
	<b>Net Increase</b>	<b>\$19,067</b>

Oregon budget law does not allow the recognition and direct appropriation of this additional revenue without the benefit of a supplemental budget. This action transfers from appropriated Reserves to materials and services to provide for the needed increase in food and beverage expense and ticketing expense. It also acknowledges the receipt of additional revenue but places the additional revenue in the unappropriated Fund Balance.

**Fiscal Impact:**

Net increase to fund balance \$222,605

**Recommendation:**

Staff recommends that the Metropolitan Exposition Recreation Commission adopt Resolution 13-08.

