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# **MERC Budget Committee Meeting**

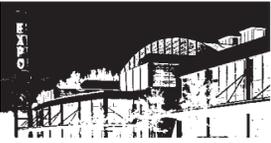
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January 18, 2013  
11:00 am

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Oregon Convention Center  
777 NE Martin Luther King Jr.  
King Board Room

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600 NE Grand Ave.  
 Portland, OR 97232  
 503-797-1780

[www.oregonmetro.gov](http://www.oregonmetro.gov)



# Metro | *Exposition Recreation Commission*

## *Revised Agenda*

Meeting: MERC Commission Budget Committee Meeting  
 Date: Friday January 18, 2013  
 Time: 11:00 a.m. – 2:00 p.m.  
 Place: Oregon Convention Center – King Board Room (south end of facility)

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|---|------------------|
| 1. Opening comments (T Goldman/T Dresler)             | 11:00 am         |
| 2. Expo Center (Rotchford)                            | 11:15 am         |
| • FY14 proposed base budget narrative                 |                  |
| • FY14 proposed base budget modifications             |                  |
| Break for lunch                                       | 12:00 – 12:15 pm |
| 3. Oregon Convention Center (Cruickshank)             | 12:15 pm         |
| • FY14 proposed base budget narrative                 |                  |
| • FY14 proposed base budget modifications             |                  |
| 4. Portland Center for the Performing Arts (Williams) | 1:00 pm          |
| • FY14 proposed base budget narrative                 |                  |
| • FY14 proposed base budget modifications             |                  |
| 5. Other Business                                     | 1:45 pm          |

Metropolitan Exposition-Recreation Commission  
**MERC Statement of Activity Budget Report**  
**All Departments**  
**2013-14 Proposed Budget**

					% Change of
	2010-11 Actual	2011-12 Actual	2012-13 Adopted Budget	2013-14 Proposed Budget	Annual Budget
	June-11	June-12	June-13	June-14	100%
<b>Operating</b>					
Revenue	18,211,686	19,232,911	18,067,732	18,826,214	4%
Revenue - Food and Beverage	13,502,313	13,618,356	11,804,821	12,079,725	2%
<b>Total Operating Revenue</b>	<b>31,713,999</b>	<b>32,851,267</b>	<b>29,872,553</b>	<b>30,905,939</b>	<b>3%</b>
Costs - Food and Beverage	11,347,477	11,889,719	9,862,144	10,265,500	4%
Personal Services	17,212,775	17,202,907	17,567,418	17,653,723	0%
Goods & Services	7,076,236	7,454,216	8,264,736	8,493,127	3%
Marketing	3,038,636	3,073,955	4,014,278	4,095,461	2%
<b>Total Operating Expenses</b>	<b>38,675,124</b>	<b>39,620,797</b>	<b>39,708,576</b>	<b>40,507,811</b>	<b>2.01%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>(6,961,125)</b>	<b>(6,769,530)</b>	<b>(9,836,023)</b>	<b>(9,601,872)</b>	<b>-2%</b>
<b>Non Operating</b>					
Transient, Lodging Tax	9,044,449	9,627,880	9,985,127	10,280,593	3%
Visitor Development Fund (VDF)	1,978,242	2,007,771	3,147,506	3,220,902	2%
Government Support City of Portland	767,019	774,040	793,408	816,020	3%
Non-Operating Revenue	142,593	219,529	156,412	80,850	-48%
Non-Operating Expense	2,500	-	2,200,000	-	-
	<b>11,929,803</b>	<b>12,629,220</b>	<b>11,882,453</b>	<b>14,398,365</b>	<b>21%</b>
<b>Support and Risk Management</b>					
MERC Administration	-	-	-	-	-
Indirect Cost Metro Support	-	-	-	-	-
Metro Support Services	1,993,186	2,164,856	2,498,424	2,815,461	13%
Metro Risk Management	499,312	741,765	729,301	629,716	-13.655%
	<b>2,492,498</b>	<b>2,906,621</b>	<b>3,227,725</b>	<b>3,445,177</b>	<b>7%</b>
<b>Net Increase (Decrease)</b>	<b>2,476,180</b>	<b>2,953,070</b>	<b>(1,181,295)</b>	<b>1,351,316</b>	<b>-214%</b>
	-	-	-	(0)	
<b>Transfers</b>					
Transfers to (Expense)	-	2,041,922	392,056	365,358	-7%
Transfers from (Revenue)	-	114,822	2,768,633	518,633	-81%
Debt Service (Expense)	1,189,132	1,188,632	1,187,132	1,188,650	0%
<b>Net Transfers</b>	<b>(1,189,132)</b>	<b>(3,115,732)</b>	<b>1,189,445</b>	<b>(1,035,375)</b>	<b>-187%</b>
<b>Net Operations</b>	<b>1,287,048</b>	<b>(162,662)</b>	<b>8,150</b>	<b>315,941</b>	<b>3777%</b>
	0	0	-	(0)	
<b>Capital</b>					
Revenue	-	-	-	-	-
Capital Outlay	3,736,634	1,890,890	3,344,077	-	-
Construction Management	117	-	-	-	-
Goods & Services	-	-	-	-	-
Transient, Lodging Tax	492,214	902,391	-	-	-
Non-Operating Revenue	856,729	475,030	295,000	-	-
Non-Operating Expense	-	-	-	-	-
Intrafund Transfers	-	-	-	-	-
Transfers to (Expense)	105,931	-	-	-	-
Transfers from (Revenue)	475,000	480,000	-	-	-
<b>Net Capital</b>	<b>(2,018,739)</b>	<b>(33,469)</b>	<b>(3,049,077)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Inc (Dec)</b>	<b>(731,692)</b>	<b>(196,131)</b>	<b>(3,040,927)</b>	<b>315,941</b>	<b>-110%</b>
	0	0	-	(0)	
Food and Beverage Gross Margin	2,154,836	1,728,637	1,942,677	1,814,225	-7%
Food and Beverage Gross Margin	16.0%	12.7%	16.5%	15.0%	
Full Time Employees	-	-	181.5	173.5	
Excise Tax	1,681,548	1,132,977	-	-	
<b>Fund Balance</b>					
Beginning Fund Balance			26,161,717	23,120,790	
Fund Balance Inc (Dec)			(3,040,927)	315,941	
<b>Ending Fund Balance</b>			<b>23,120,790</b>	<b>23,436,731</b>	
Unrestricted Fund Balance			2,384,950	176,278	
Operating Contingency			2,299,335	2,299,335	
Stabilization Reserve			620,500	620,500	
Contingency for Renewal & Replacement			200,000	200,000	
Designated for Renewal & Replacement			12,277,072	13,621,564	
New Capital/Business Strategy Reserve			5,196,719	5,484,449	
Restricted by Agreement - TLT			142,214	1,034,605	
<b>Ending Fund Balance</b>			<b>23,120,790</b>	<b>23,436,731</b>	

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## FY 2013-14 Base Budget

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The Portland Expo Center is still in transition, with one fiscal year completed under new leadership and a myriad of new faces still in training. The Expo has embraced a new marketing and communications plan, a revitalized brand and web presence, and has provided a number of new events while solidifying the core markets that have supported the success of the Expo Center for many years. The efforts of this past year have left the Expo well positioned to focus on sales and increased revenues. As requested, the Expo Center staff took all necessary steps and achieved a complete and balanced budget. In doing so, Goods and Services we reduced by 17% which is a tough thing for any business. With so many static expenses for the Expo – Debt Service, Support Service and others, the Expo can rely only on increased effort in the Sales area (up 4%), the continued pursuit of grant opportunities and a strict emphasis on fiscally responsible spending measures. The revenue expectations are steep, but we are confident we can get there with focused collective effort.

The resulting budget reflects the following assumptions which reflect the Expo Center’s Mission Critical goals of Fiscal Responsibility, Brand Identity, Facility Stewardship as well as Customer and Community Relationships:

### Fiscal Responsibility:

- We are forecasting modest increases in attendance and per cap growth in revenue areas. With major clients accepting the multiple-year agreements, this should allow Sales to close in on those goals.
- Management restructuring continues. We added additional PT Custodians to reduce Temporary Labor, and a recent change in the Executive Assistant role has provided other PT options for consideration. Operations continue to restructure with the Lead role still in place and the replacement of a .5 Utility Maintenance Specialist with a .5 Operating Engineer.
- This budget does not reflect Cirque du Soleil’s return in 2014. Until we receive a clear and valid commitment, we will not add those revenue and expenses to our budget process.

### Brand Identity

- As with the FY13 budget, marketing programs take time to develop and produce the results desired. This budget reflects that continued emphasis. Thoughts towards funding marketing efforts in FY15 need to be considered now. We are requesting the carry-over modification of any remaining funds currently allocated to Marketing / Communications efforts.

### Facility Stewardship

- Aramark/pacific**wild** Reserves will continue to be spent in earnest, but to balance this budget; the choice was made to under spend that reserve by \$13K. We are committed to our F&B partnership.
- Progress has taken place towards the analysis of Halls A, B and C. Numerous meetings with professionals, engineers and internal staff have determined that initial survey monitoring take place to determine next steps. A carry-over request is included in our modifications to continue this analysis.
- Maintenance planning has been a focus along with sustainable capital investments. I am pleased to report progress on a number of sustainable initiatives that are targeted to reduce utility expenses in both electrical consumption and stormwater fees. Additionally, the Expo is requesting modifications towards maintenance contingency that support the numerous emergency projects that took place in FY13.

### Customer and Community Relations

- The FY14 budget continues to reflect a commitment to our newly formed Expo Center Advisory Committee, increased community involvement and a focus on staff development. Continued survey and web analysis of our patrons, exhibitors and clients will provide us renewed insight on our business.

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## FY 2013-14 Base Budget

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✓ Revenues

- The number of events is expected to increase from 104 events in FY13 to approximately 112 events in FY14. The bulk of these events are with emphasis on meetings, tradeshow and consumer events.
- Individual space (exhibit hall/meeting room) rental rates will increase by approximately 3% and combined exhibit hall rental fees will increase by approximately 4% as approved by the MERC Commission in January 2012. Multiple year agreements reflect this increase with savings for the client in FY15.
- Attendance is projected to modestly increase to 450,000, and an approximate \$150,000 increase in rentals from the FY13 actual budget for rentals of all areas.
- Parking budget reflects the increase in marketing effort and a total revenue increase of \$60,000.
- Increased operating revenue through advertising income and website advertising continues with advertising opportunities now in place due to new website offerings and interest increasing.
- FY13 food and beverage revenues increased only slightly to \$1,868,163 with expectations running high with new leadership now on site.
- Areas not historically budgeted for, such as Liquidated Damages, Rent-Lobby etc. are included.

✓ Personal Services

- Initial budget reflects full and Part-time staffing remaining static at 13.3 FTE.
- Restructuring in FY13 included the following reclassifications:
  - (1) PT Utility Maintenance Specialist to (1) PT Operating Engineer I
- Further adjustments made in FY13 from realized personal services savings include:
  - (2) PT Event Custodian hires added to the pool with a corresponding reduction in contracted Temporary Labor.
  - (1) PT Event Receptionist hired to fill pool.
  - (1) Eliminated .25 PT Marketing and Promotions Coordinator from Sale Dept. restructuring to balance budget. Social Media / website / advertising duties must be absorbed by other staff.
  - (1) .50 PT Admin Assist from VACANT 1.0 FT Executive Assistant position to support admin operations – focused on reporting.
  - (1) .50 PT Marketing and Communications I (Admin. Assist) from VACANT 1.0 FT Executive Assistant position to support admin operations – focused on Director Assistance.
  - (1) .50 PT Admin. Assist – VACANT PT Admin. Assist – hiring to support Sales and Admin.
  - (1) Maintained .50 PT Event Managers to support lean Events staff and support Sales efforts.
- Staff training and development were spared in initial budget cuts as this is an area that was traditionally cut first. Increased communication and staff support have shown positive success.

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## FY 2013-14 Base Budget

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- Review of all PT staff schedules and the resulting impacts of Affordable Health Care expenses will be continuously reviewed.
- ✓ Materials & Services
  - Budget proposes fairly dramatic decreases of 17% over FY13 budget. Standard review of expense spending and limitations has been traditional with current managers. FY13 funding sources will be utilized.
  - Minor additions to the Operations budget to encourage staff to purchase some new small equipment.
  - Reduced marketing advertising line in anticipation of potential carryover from the recently approved budget amendment specific to marketing efforts.
  - Reduced Portland Police staffing for Gun Shows remains in place – no safety issues or concerns. Drop in use of mobile in favor of bike patrol by peer security.
  - Proposed M&S Food & Beverage services are approximately 3% more than budgeted in FY13 in consideration of increased food costs.
  - Utility rate increases were reviewed against historical data as well as rate projections.
  - Stormwater fee in year one of \$35,000 added to water utility. \$14,000 remains in taxes for MCDD tax assessment.
  - Cuts overall in Operations, Parking, Events, Sales, Ticketing, F&B and Admin. With static fees on the increase, Expo had to cut back in a variety of areas. Retained staff development, retreats and memberships as of this writing.
- ✓ Capital Outlay – *still under review and analysis*
  - Initial R&R capital expenses include numerous continuing assignments and replacements:
    - Parking Lot Asphalt maintenance and repairs moving East for Upper Lots One and Two.
    - Final installment of portable bleacher replacements – 2 full and 4 half sets.
    - One forklift and one Golf Cart at the end of their useful life cycle.
    - The largest expense at and estimate of \$250,000 with Roof Repairs for the Hall D loading dock, Hall D kitchen and storage areas (possible eco roof candidates) and Hall C “silvercoating” of the barrel roof. Recall that minimal repairs were made to Hall C, and Hall D lobby was completed in FY13.
    - FM Global fire recommendations for final phase of safety recommendations made for Hall D.
    - Hall D lobby improvements are targeted for new paint and carpeting to match our efforts now completed in Hall E.
  - Sustainable capital projects include complete retrofit lighting for Halls AB, Hall D and Hall E. Halls AB would retrofit “T-12” lamps no longer produced with efficient “T-8” lamps. Halls D & E would utilize induction lighting providing amazing reductions to our utility expenses while maintaining lumen output. Bioswale improvements to the Parking lot between Upper and Lower Lot Three will reduce our impervious surface calculation and in turn our stormwater fees.

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## FY 2013-14 Base Budget

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- Use of Aramark Reserve is targeted for capital improvements for the “Connector” a focused area of 4,500 square feet for a variety of food and beverage options with a focus on ROI.
  - New capital items include:
    - Audio Visual purchases to enhance the ability to create ballroom-like atmospheres inside Hall E1 or Hall D1 by way of portable truss, drape and portable sound enhancement in anticipation of transferring OCC clients and catered events with the success of the Headquarters Hotel project.
    - Additional Golf Cart(s) to add to the one currently available for use during outdoor events.
  - The only targeted carry-over in capital from FY13 appears to be enhanced Electronic signage and wayfinding as of this writing.
- ✓ Interfund Transfers
- Please see note under Sustainability Plans for successful application(s) for Metro Sustainability Grants. No other inter-fund transfers, but will be exploring all available options.
- ✓ One-time only costs or Phased In/Out Costs
- Noted in our modification sheet includes the listing for Emergency Major Maintenance and Repairs. Due to multiple unanticipated maintenance repairs in FY13, it has been discussed that a contingency fund of this type be created rather than budget allocation changes occurring mid-year.
  - Cirque: FY14 Cirque du Soleil opportunity is NOT reflected in this initial budget. Future date options are under review and analysis.
- ✓ Sustainability Plans
- In tandem with capital budgetary efforts are numerous projects that are focused on short and long-term utility reductions in expense while supporting the Metro values of sustainable practices. We have a focused listing of over 11 projects that include lighting and electrical, plumbing, stormwater mitigation, and xeriscaping (low water maintenance landscaping). The Expo Center is a proud recipient of Sustainable Metro Grant funding that was issued just this week to begin progress on these efforts. With matching funds also available from the Energy Trust of Oregon and City of Portland, our total costs have been reduced by over 60%.
- ✓ Other Changes
- See Modification Sheet for three items – 2 Carry-over items: the first Marketing Funding, the other continued Hall ABC analysis. The last item requested is for Emergency Major Maintenance and Repairs.

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Portland Exposition Center**  
**2013-14 Proposed Budget**

	2010-11	2011-12	2012-13	2013-14	% Change of
	Actual	Actual	Adopted	Proposed Budget	Annual
	June-11	June-12	June-13	June-14	Budget
					100%
<b>Operating</b>					
Revenue	3,471,329	4,127,454	3,838,186	4,071,004	6%
Revenue - Food and Beverage	1,618,546	1,981,807	1,864,849	1,868,163	0%
<b>Total Operating Revenue</b>	<b>5,089,875</b>	<b>6,109,261</b>	<b>5,703,035</b>	<b>5,939,167</b>	<b>4%</b>
Costs - Food and Beverage	1,434,827	1,757,116	1,505,243	1,534,261	2%
Personal Services	1,388,413	1,469,086	1,605,485	1,657,367	3%
Goods & Services	1,138,375	1,325,916	1,342,728	1,113,327	-17%
<b>Total Operating Expenses</b>	<b>3,961,614</b>	<b>4,552,119</b>	<b>4,453,456</b>	<b>4,304,955</b>	<b>-3.33%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>1,128,260</b>	<b>1,557,142</b>	<b>1,249,579</b>	<b>1,634,212</b>	<b>31%</b>
<b>Non Operating</b>					
Non-Operating Revenue	24,106	31,767	21,290	9,082	-57%
Non-Operating Expense	-	-	-	-	-
	<b>24,106</b>	<b>31,767</b>	<b>21,290</b>	<b>9,082</b>	<b>-57%</b>
<b>Support and Risk Management</b>					
MERC Administration	200,195	160,337	153,944	107,481	-30%
Metro Support Services	179,387	194,837	224,858	275,416	22%
Metro Risk Management	75,038	85,947	80,988	71,747	-11%
	<b>454,620</b>	<b>441,121</b>	<b>459,790</b>	<b>454,644</b>	<b>-1%</b>
<b>Net Increase (Decrease)</b>	<b>697,746</b>	<b>1,147,789</b>	<b>811,079</b>	<b>1,188,650</b>	<b>47%</b>
<b>Transfers</b>					
Transfers to	-	174,890	1,359	-	-
Transfers from	-	7,980	4,500	-	-
Debt Service	1,189,132	1,188,632	1,187,132	1,188,650	0.13%
<b>Net Transfers</b>	<b>(1,189,132)</b>	<b>(1,355,542)</b>	<b>(1,183,991)</b>	<b>(1,188,650)</b>	<b>0%</b>
<b>Net Operations</b>	<b>(491,386)</b>	<b>(207,754)</b>	<b>(372,912)</b>	<b>-</b>	<b>-</b>
<b>Capital</b>					
Capital Outlay Expense	429,622	219,917	574,500	-	-
Non-Operating Revenue	8,850	4,987	-	-	-
Intrafund Transfers (Exp/Rev)	-	-	270,000	-	-100%
<b>Net Capital</b>	<b>(420,772)</b>	<b>(214,930)</b>	<b>(304,500)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Inc (Dec)</b>	<b>(912,158)</b>	<b>(422,684)</b>	<b>(677,412)</b>	<b>-</b>	<b>-</b>
<b>Food and Beverage Gross Margin</b>	<b>183,719</b>	<b>224,690</b>	<b>359,606</b>	<b>333,902</b>	<b>-7%</b>
<b>Food and Beverage Gross Margin %</b>	<b>11.4%</b>	<b>11.3%</b>	<b>19.3%</b>	<b>17.9%</b>	
<b>Full Time Employees</b>			<b>13.3</b>	<b>13.3</b>	
<b>Excise Tax</b>	<b>330,265</b>	<b>453,167</b>	<b>-</b>	<b>-</b>	
<b>Fund Balance</b>					
Beginning Fund Balance			4,310,142	3,632,730	
Fund Balance Inc (Dec)			(677,412)	-	
<b>Ending Fund Balance</b>			<b>3,632,730</b>	<b>3,632,730</b>	
Unrestricted Fund Balance			182,705	-	
Operating Contingency			364,000	364,000	
Stabilization Reserve			186,000	186,000	
Contingency for Renewal & Replacement			-	-	
Designated for Renewal & Replacement			775,000	860,000	
Designated for Phase 3			-	-	
New Capital/Business Strategy Reserve			2,125,025	2,222,730	
<b>Ending Fund Balance</b>			<b>3,632,730</b>	<b>3,632,730</b>	

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## ***FY 2013-14 Base Budget***

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### ***Narrative***

2013-2014 has been long anticipated as a challenging year for Oregon Convention Center. Booking pace as presented in the TAP report distributed by Travel Portland has identified this weakness since around 2008. Although we are anticipating a down year (currently 27 conventions on the books), we are optimistic that we can pick up 5 more and are anticipating 32 for our budget rationale. Additionally, we have carefully evaluated expenses in personal and material services to adjust for the revenue shortfalls. Our mission critical goals are Fiscal Responsibility, Generating Economic Impact and Progressive Industry Leadership. Our budgetary efforts have supported these goals in the following ways:

#### Fiscal Responsibility:

- Payroll is a significant expense at OCC. During the 2011-2012 fiscal year, we had turnover in several key positions as well as the usual attrition. Looking ahead at the prospect of lower revenue in 2013-2014, we chose to leave many of those positions vacant. This is allowing us the opportunity to maintain labor costs without additional reductions in full time staff. Cutbacks will likely come at the expense of the part time workforce.
- Maintaining the physical asset is one of our objectives to achieve fiscal responsibility. The 2013-2014 budget contains strategic efforts to monitor our mechanical plant to ensure healthy equipment and efficient operating results. Ongoing retro-commissioning will improve the performance of our HVAC systems and process loop replacement will assist in making sure our compressors do not overheat which could lead to equipment failure and inefficient performance.
- Overall expenses have been evaluated and minimized to reflect negligible cost increases and in many cases, reductions in expenses over historical.
- Efforts will be made to drive enterprise revenue through short term booking strategies aimed at filling our ballrooms and meeting rooms with local and regional programs. Opportunity exists to penetrate existing accounts through assertive account maintenance and solicitation efforts. The current sales incentive plan calls for each sales manager each quarter to book a “new” social event in our ballroom space.

#### Economic Impact:

- OCC has a history of providing strong economic impact to the region and state. We will continue to be an asset to our community by driving revenues, utilizing local minority and FOTA area contractors when possible that have the potential to create jobs. Responsible use of our current funding sources will ensure that we are maximizing opportunities. Strong partnerships with Travel Portland and the hotel community will help maintain a robust booking effort. Additionally, we will continue to be active members of the community by participating in Lloyd area neighborhood programs such as the TMA, EcoDistrict, and showing active leadership in neighborhood improvement efforts.

#### Progressive Industry Leadership:

- We have recently joined Aramark in a customer service program called “Be the Difference”. We feel this intentional effort toward increasing our level of service will help set us apart from other regional and national convention centers. We are continuing our efforts in sustainability and should achieve LEED Gold certification early 2013-2014. Additional efforts are being made to try to achieve a higher level through thorough evaluation of criteria and strategizing on how to offset shortcomings in potential energy savings due to aging equipment. We continue to be active in industry organizations and certification training keeping OCC staff prominent on a national level. We are frequently invited

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## ***FY 2013-14 Base Budget***

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to participate on industry related educational panels and will do so relative to sustainability at IAVM 2013. We will be hosting the IAVM national conference in 2014.

### ✓ ***Revenues***

- The event space revenue budget is based on contracted, definite, tentative repeat groups and historical pickup. Currently we have a shortage of conventions with only 27 on the books. We have budgeted with the expectation of 32. 40 is an historical average. An increase in event space rental charges of 3% will help to offset some of the shortfall.
- With a forecast of fewer than normal conventions the operations revenues still should be fairly stable. We do expect to see a slight decrease in our Electrical revenue due to the decrease in conventions and associated booth space. Telecom/Internet remains solid with the high tech groups currently on the books. Audio Visual sales have been increasing over the past few years and should be able to hold firm with the events booked and potential pickups of business.
- Food and Beverage revenue is forecasted at \$8.3 million. Currently \$6.3 million in booked/projected events leaving a \$2 million shortfall in undeveloped business.

### ✓ ***Personal Services***

#### 30.708 Setup & Housekeeping:

- Due to decreased conventions and revenue projections, we are holding off on replacing open FT positions in the Set up & Housekeeping department. OCC has included a \$225,000 turnover/vacancy credit for FY 13-14. OCC will keep five positions vacant and supplement with PT Event Custodians where needed. The line item for PT Event Custodians was increased .5 FTE to offset some of the vacancies.

#### 30.710 Telecommunications:

- 1 FTE Telecom & Info Systems Technician was added to assist the Information Systems Coordinator. This position is currently inactive. This position will be funded by decreasing the PT Telecom & Information Systems Technicians from 1 FTE to .40 FTE and by leaving the Chief Engineer position vacant. Smart City provided sales and support for all of our telecom/internet/WiFi needs in the facility. When the contract expired two years ago, Steve Ebner, Information Systems Coordinator took on the added role of sales in addition to his other responsibilities. This increased the workload for this position and the Assistant Operations Manager position that had to assist him with quotes and service. We are looking to get Steve Ebner support to keep up on the sales end and daily tasks that are required of his position. Sales for our Internet services and WiFi remain strong with our technology focused clients that continue to book with OCC.

#### 30.711 Audio Visual:

- OCC has added a .5 FTE to the PT Audio Visual Technicians. The revenue projections over the past few years have surpassed our budget. We have continued to spend more in labor to meet the added revenue. Forecasts for FY 13-14 look to meet the budget for the past year going forward. The

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## ***FY 2013-14 Base Budget***

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additional .5 FTE reflects an attempt to balance out the budget expenses that we anticipate having due to the projected revenue.

### 30.712 Facilities Management:

- OCC will not replace the vacant Chief Engineer position and use the FTE to fund the Telecom & Information Systems Technician and a Temporary Sustainability position at .40 FTE. The Temporary Sustainability position will assist with marketing our overall facility “Greening” efforts and provide overall support in areas of sustainability. OCC will keep a \$50,000 vacancy credit in the budget this year by not filling one of the Utility Maintenance positions. Because the Chief Engineer position will not be filled, OCC will re activate the Utility Maintenance Lead position for the maintenance department to assist with some of the higher level maintenance duties the Chief Engineer position filled. The goal is to fill the Utility Maintenance Lead position from within the department and keep the fourth Utility Maintenance position vacant to account for the \$50,000 vacancy credit.

### 30.784.62210 Sales and Marketing

- We have included the addition of a sales manager contingent on a term agreement and approval of a convention center hotel. If this project gets approved this spring, we will see an immediate increase in interest in booking Portland and the Oregon Convention Center leading to additional site tours, travel and meetings with potential clients and overall increased workload for the department. Costs associated with this position including fringe are estimated to be \$78,000.

Food and Beverage labor is forecasted 2.7% higher than recent years due to projected costs in wages and healthcare benefits (\$100,000). Current collective bargaining agreement expires August, 2013.

As previously mentioned, we are budgeting \$275,000 in vacancies. This does not include the assistant Executive Director position or the Operations Manager, Technical Services that may also be budget savings considerations.

### ✓ ***Materials & Services***

- Utilities have been increasing steadily over the years but our energy efficiency and water conservation projects have helped reduce the impact on our budget. We should see a decrease in the Natural Gas usage because of the costs associated with our provider and increased efficiency of our equipment from our retro-commissioning project and associated capital projects that were implemented. Electrical costs will continue to go up a little even as our usage decreases through lighting upgrade projects, etc. We aim to keep the building maintained at a high level as it ages. We have kept funds available to perform small projects and maintenance throughout the year.
- We have increased expenses for grounds maintenance and landscaping as well to cover the expense of the new MLK Heritage Marker Plaza.
- As in 2012-2013, we have added additional marketing funds to support year two of Plaza Palooza. We expect this expense to be nearly \$30,000 but will offset through sponsorship income of a like

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## ***FY 2013-14 Base Budget***

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amount. Administrative management/consulting fees (30.860.68471) represent a \$64,000 expenditure. While we have not targeted specific projects for these funds, they remain as a contingency.

- Food and Beverage costs are budgeted at 24.6%. We are anticipating minimal price increases to offset rising costs of food products. Overall Food and Beverage margin is budgeted at 14.65%.

✓ ***Capital Outlay (5 year plan attached)***

- We plan to move forward with phase one of the original roofing replacement. We are budgeting \$80,000 for consultant fees and \$1,000,000 for approximately half of the replacement. The remaining original roof replacement will occur in 2014-2015. These funds will come from the Renewal and Replacement Reserve.
- Replacement of chrome entry doors on the original building. This project is projected to cost \$225,000 and is a carryover from 2012-2013.
- Installation of restroom handicap door operators, \$80,000. This is a carryover from 2012-2013 funded by the OCC TLT Capital Balance.
- Audio visual equipment purchases of \$100,000 funded by the Renewal and Replacement Reserve.
- Pick-up truck with plow, \$40,000. This is a carryover from 2012-2013 funded by the OCC TLT Capital Balance.

✓ ***Interfund Transfers***

- \$1,239,800 from Visitor Development Fund Bucket 4. This will offset operating deficiencies at OCC, fund the payment of \$239,800 to Metro for Streetcar Assessment loan and allow OCC \$140,000 to bring the R&R Reserve fund up to the required \$875,000. Additionally these funds will be dedicated toward enhanced marketing efforts through Travel Portland.

✓ ***Sustainability Plan***

- Two capital projects focused on sustainability and supported by the Energy Trust of Oregon with funding include replacing the tower lights with LED lights. We are investigating the ability to have colored LED lights in the towers so we have the option to light them in colors other than white. This has been requested by many events and could be a potential revenue source and up sell to clients. The other project is changing out the 400w quartz down lights in the Portland Ballrooms with LED down lights. Both projects show significant reductions in wattage.
- We continue with our commitment to keep our equipment running at peak performance. This not only helps us with operating efficiencies but also lends itself to our overall sustainability goals. The current retro-commissioning project has been a huge success with energy savings. Because of this success, we have funded \$22,000 for an ongoing retro-commissioning of the facility in account 30.712. This ongoing retro-commissioning of the facility also achieves OCC up to two LEED credit points. Continued replacement of process loop piping is creating efficiencies in cooling the compressors for the ice machines, walk-in coolers and freezers and heat pumps throughout the original side of

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## ***FY 2013-14 Base Budget***

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the facility. Current piping has a great deal of corrosion causing water flow to be greatly compromised.

- OCC will be receiving its LEED re-certification in the fall of 13.

# Personnel Request

# Fiscal Year 2013-14

A Personnel Request is necessary for all new positions, regular position FTE increases and all proposed reclasses in FY 2013-14 as well as a time extension or change of status request for an existing limited duration position. Personal Request forms are not necessary if the purpose of an FTE increase is to reflect a full year FTE for a regular position added mid-year in FY 2012-13. The focus of this form will be on the budgetary justification and impact. **Please note – a new position or reclass will not become effective until such time as Human Resources has completed its review and has approved the classification request.**

**ACTION REQUESTED:**

<i>Action:</i>		<i>Reclass:</i>		<i>Duration:</i>		<i>Type:</i>	
New position	<input checked="" type="checkbox"/>	Career ladder	<input type="checkbox"/>	Ongoing	<input checked="" type="checkbox"/>	Full-time	<input checked="" type="checkbox"/>
FTE Increase	<input type="checkbox"/>	General	<input type="checkbox"/>	Limited	<input type="checkbox"/>	Part-time	<input type="checkbox"/>
Reclass	<input type="checkbox"/>						

Describe the action requested - include FTE, classification of position (before/after if reclass), length of duration, etc.

**POSITION # AND INCUMBENT:**

N/A

**DUTIES AND RESPONSIBILITIES:**

An employee in this position must be able to perform all of the essential job duties listed below with or without reasonable accommodation; however, this list is not intended to include all of the specific tasks which an employee in this position may be expected to perform.

- Promotes the rental of a the Oregon Convention Center and the sales of related services offered at the facility; qualifies, sells and books business by initiating contact with new and existing clients; manages client sales accounts to grow revenue.
- Negotiates contracts between the Oregon Convention Center and client to maximize revenue; ensures contracts follow agency policies and procedures and are in compliance with applicable laws; ensures that all contractual terms are met.
- Screens client permit applications and other documents for compliance with established policies, practices and procedures; maintains accurate records and reports.
- Maintains booking calendar and information to ensure reservations are protected against scheduling conflicts.
- Works in a team environment with other sales professionals, providing the best opportunity for overall facility revenue.
- Develops and cultivates effective professional relationships; maintains contact with current and potential clients; researches new business leads; attends events that provide opportunity for networking and relationship building within the tourism and commercial industries.
- Travels outside of the state or country to promote Portland and the Oregon Convention Center at industry trade shows, on sales trips and client events to attract business.
- Conducts facility tours for potential clients; recommends appropriate space and services; answers questions; and assists clients in finalizing rental arrangements.
- Coordinates activities with other departments to ensure services are appropriate and performed in an efficient and timely manner.

## ***Personnel Request***

***Fiscal Year 2013-14***

- Prepares various reports regarding operations and activities; prepares travel authorizations for expense account reports.
- Collaborates with other professional organizations, such as Travel Portland, to plan and coordinate mutually beneficial business opportunities.
- Leads and participates in the development and implementation of marketing projects, such as direct mailers, trade shows, conventions, customer events and sponsorship events.
- Participates in interdepartmental planning meetings and leads facility scheduling meetings.
- Performs duties which may be necessary or desirable to support the agency's success.

### **Minimum Requirements**

Bachelor's Degree in marketing, business administration, or a related field, and a minimum of three (3) years of sales and marketing experience, or an equivalent combination of education, experience and training that would provide the knowledge, skills and abilities required for the successful performance of the essential job duties.

### **Knowledge, skills and abilities**

- Knowledge of operational characteristics, services and activities of facility sales and marketing programs.
- Knowledge of the principles and practices of event scheduling and booking operations.
- Knowledge of basic accounting principles.
- Knowledge of procedures, methods and techniques of marketing and sales.
- Skill in sales presentations, client relationship building, negotiation and persuading others.
- Skill in public speaking and presenting information and ideas to individuals and in group settings.
- Ability to interpret and explain booking and scheduling policies and procedures.
- Ability to communicate clearly and concisely, both orally and in writing.
- Ability to establish and maintain effective working relationships with those contacted in the course of work.
- Ability to work effectively with information management systems, and adapt quickly to system changes and updates.
- Ability to work various hours, including evening, weekends and holidays.
- Ability to fulfill Metro's employee values of public service, excellence, teamwork, respect, innovation and sustainability.

### **JUSTIFICATION:**

If the Headquarter Hotel is built we will have increased national convention inquiries, proposals, site tours, travel and meetings with Headquarter Hotel staff and clients. This increase will cause the current staff to refocus on larger international conventions, more complex convention business and an increased workload.

### **BUDGET IMPACT** (for FTE increases or reclasses include only the new or additional cost):

	<u>Rate</u>	<u># of hours worked</u>	<u>Amount</u>	<u>Total</u>
Salary		40	\$50,840.00	\$50,840.00
Fringe:				
Variable-base fringe	8.69 %		\$4,418.00	\$4,418.00
Variable-bond recovery	n/a		n/a	
Fixed	\$92.00		\$92.00	\$92.00
Additional Costs:				

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***Personnel Request***

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***Fiscal Year 2013-14***

Fringe – PERS	17.82 %	\$9,060.00	\$9,060.00
Fringe – Health & Welfare	\$13,795		\$13,795.00
<b>TOTAL NEW COSTS</b>			<b>\$78,205.00</b>

**Anticipated Starting Date of Position: July 2013**

Funding Source(s):

- FY 13-14 Budget.
- Expected increase in revenue from the Headquarter Hotel to offset additional staff starting at FY 15-16 budget.

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Oregon Convention Center**  
**2013-14 Proposed Budget**  
 Excluding OCC Enhanced Marketing Project

	2010-11 Actual	2011-12 Actual	2012-13 Adopted	2013-14	% Change of
	June-11	June-12	Budget	Proposed Budget	Annual
			June-13	June-14	Budget
					100%
<b>Operating</b>					
Revenue	8,803,510	8,585,533	7,798,834	7,760,264	0%
Revenue - Food and Beverage	10,203,890	9,468,327	8,224,999	8,300,000	1%
<b>Total Operating Revenue</b>	<b>19,007,400</b>	<b>18,053,859</b>	<b>16,023,833</b>	<b>16,060,264</b>	<b>0%</b>
Costs - Food and Beverage	8,415,431	8,395,135	6,880,666	7,084,025	3%
Personal Services	8,768,636	8,950,462	9,224,471	9,723,657	5%
Goods & Services	3,781,524	3,777,240	3,884,221	3,775,159	-3%
Marketing	3,038,636	3,073,955	4,014,278	4,095,461	2%
<b>Total Operating Expenses</b>	<b>24,004,227</b>	<b>24,196,792</b>	<b>24,003,636</b>	<b>24,678,302</b>	<b>3%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>(4,996,827)</b>	<b>(6,142,933)</b>	<b>(7,979,803)</b>	<b>(8,618,038)</b>	<b>8%</b>
<b>Non Operating</b>					
Transient, Lodging Tax	7,844,449	8,393,560	8,729,303	8,978,088	3%
Visitor Development Fund (VDF)	1,379,276	1,391,435	2,520,676	2,570,519	2%
Non-Operating Revenue	31,217	65,537	46,678	23,890	-49%
Non-Operating Expense	-	-	2,200,000	-	-
	<b>9,254,942</b>	<b>9,850,532</b>	<b>9,096,657</b>	<b>11,572,497</b>	<b>27%</b>
<b>Support and Risk Management</b>					
MERC Administration	1,245,656	997,651	957,878	617,557	-36%
Metro Support Services	1,116,184	1,212,325	1,399,118	1,582,433	13%
Metro Risk Management	283,622	397,366	408,408	334,102	-18%
	<b>2,645,462</b>	<b>2,607,342</b>	<b>2,765,404</b>	<b>2,534,092</b>	<b>-8%</b>
<b>Net Increase (Decrease)</b>	<b>1,612,654</b>	<b>1,100,257</b>	<b>(1,648,550)</b>	<b>420,367</b>	<b>-125%</b>
<b>Transfers</b>					
Intrafund Transfers	-	-	-	-	-
Transfers to (Expense)	-	1,001,253	239,450	239,800	0%
Transfers from (Revenue)	-	66,180	2,228,000	-	-
Debt Service (Expense)	-	-	-	-	-
<b>Net Transfers</b>	<b>-</b>	<b>(935,073)</b>	<b>1,988,550</b>	<b>(239,800)</b>	<b>-112%</b>
<b>Net Operations</b>	<b>1,612,654</b>	<b>165,184</b>	<b>340,000</b>	<b>180,567</b>	<b>-47%</b>
<b>Capital</b>					
Capital Outlay Expense	2,389,158	1,156,478	2,152,577	-	-
Transient, Lodging Tax	-	-	-	-	-
(use to get net Non-Operating Revenue)	533,414	17,812	220,000	-	-
Non-Operating Revenue	533,414	17,812	220,000	-	-
Intrafund Transfers (Exp/Rev)	-	-	90,000	-	-
Transfers to (Expense)	105,931	-	-	-	-
Transfers from (Revenue)	475,000	480,000	-	-	-
<b>Net Capital</b>	<b>(1,486,675)</b>	<b>(658,666)</b>	<b>(1,842,577)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Inc (Dec)</b>	<b>125,979</b>	<b>(493,482)</b>	<b>(1,502,577)</b>	<b>180,567</b>	<b>-112%</b>
<b>Food and Beverage Gross Margin</b>	<b>1,788,459</b>	<b>1,073,192</b>	<b>1,344,333</b>	<b>1,215,975</b>	<b>-10%</b>
<b>Food and Beverage Gross Margin %</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Full Time Employees</b>	<b>110.3</b>	<b>111.3</b>	<b>110.3</b>	<b>111.3</b>	<b>-</b>
<b>Excise Tax</b>	<b>1,275,473</b>	<b>1,350,849</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance</b>					
Beginning Fund Balance	-	-	11,058,549	9,555,972	-
Fund Balance Inc (Dec)	-	-	(1,502,577)	180,567	-
Fund Balance Inc (Dec) for HQH	-	-	-	-	-
<b>Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>9,555,972</b>	<b>9,736,539</b>	<b>-</b>
Unrestricted Fund Balance	-	-	725,337	40,904	-
Operating Contingency	-	-	1,540,000	1,540,000	-
Stabilization Reserve	-	-	260,000	260,000	-
Contingency for Renewal & Replacement	-	-	-	-	-
Designated for Renewal & Replacement	-	-	5,685,779	6,560,779	-
New Capital/Business Strategy Reserve	-	-	1,334,856	1,334,856	-
Restricted by Agreement - TLT	-	-	10,000	-	-
<b>Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>9,555,972</b>	<b>9,736,539</b>	<b>-</b>

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## ***FY 2013-14 Base Budget***

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- *General Assumptions*
  - ✓ 6 ½ weeks of Broadway versus 10 in FY13
  - ✓ Symphony-one less classical concerts (8 performances)
  - ✓ Ballet-nine fewer performances
  - ✓ 14 more commercial concerts/comedy shows due to more large hall availability
  - ✓ Third Rail doing one less production in the Winningstad but holiday show may add performances and offset this loss
  - ✓ User fee-flat except for Broadway which increases \$0.25 per ticket per the Broadway agreement
- *Revenues*
  - ✓ Rent increases 3% as set by Commission
  - ✓ Billable rates increase 3% . Billable rates that are affected by the result of the Affordable Healthcare Act in Jan 2014 will increase an additional 32%
  - ✓ Rental revenues down 13% because of fewer Broadway shows
  - ✓ Food and Beverage revenue up 10% due to plan to get more aggressive on increasing percaps on the increased commercial business as well as Broadway
  - ✓ Merchandising-flat. Fewer Broadway weeks but shows may have stronger merchandise appeal than those in FY13.
  - ✓ Utility Services (Power and shore hook ups)-increases 50% due to higher price structure more in line with what our competition and other like venues are charging
  - ✓ User fee-down 9% due to fewer Broadway shows
  - ✓ Ticketing Commissions-up 44%. Due to full year on the new, more profitable ticketing system. Mega show in FY15 will go on sale in FY14. Commission is also higher as we collect the full service charge then pay the ticketing company their ticket fee. (This charge is reflected in Materials and Services.) Under the old system, the former ticketing company took their fee out prior to sending ticket commissions to us.
- *Personal Services*
  - ✓ Almost flat-Based on projected number of shows and reflects fewer Broadway shows. Also eliminated two FTE.
  - ✓ Operations department continues to reorganize its operations in order to increase efficiencies, improve cleaning and maintenance quality and insure superior project management of capital projects. The budget reflects the elimination in FY13 of a vacant full time stage door position which is now covered by partime agents and funds a part time administrative assistant. Two painter positions were eliminated and will painting services will be contracted out. The remaining savings are anticipated to fund a new part time Facility Maintenance Manager who would take over engineering and maintenance management from the Operations Manager. This will provide more direction and oversight of these positions and allows the Operations Manager to better focus on the over all functionality of the entire department and seek efficiencies.
- *Materials & Services*
  - ✓ Increase of 44%. This is due to first time budgeting of the ticket fees paid to Ticketing agent and a large number of one time costs:

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## ***FY 2013-14 Base Budget***

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- ASCH façade \$125,000
- ASCH line set replacements for symphony shell \$30,000
- ATM machine replacement \$9,000
- ASCH benches replacement \$4,000
- Front of House bulb change out to LED \$15,000
- ASCH and HH lobby ceiling repairs \$20,000
- Merchant credit card terminals \$3,900
- ✓ Other notable costs-Ticket Agent per ticket fee (\$425,000) and painting contractor services (\$40,000)

- *Non-Operating Revenue*

- ✓ Hotel/Motel revenue-increase of 4%
- ✓ City of Portland-increase of 3%

- *Non-Operating Expenses*

- ✓ MERC Administrative Services-decrease 37%
- ✓ Metro Support Services-increase 8%
- ✓ Metro Risk Management-decrease 6%

- *Capital Outlay*

- ✓ See Renewal and Replacement Plan

- *Interfund Transfers*

- *One-time only costs or Phased In/Out Costs*

- ✓ See below:

▪ ASCH façade	\$125,000
▪ ASCH line set replacements for symphony shell	\$30,000
▪ ATM machine replacement	\$9,000
▪ ASCH benches replacement	\$4,000
▪ Front of House bulb change out to LED	\$15,000
▪ ASCH and HH lobby ceiling repairs	\$20,000
▪ Merchant credit card terminals	\$3,900

- *Sustainability Plan*

- ✓ Front of House incandescent bulb change out to LED
- ✓ Green Cleaning Chemicals
- ✓ Unknown at this time whether approved capital projects will lend themselves to sustainable alternatives.

**Personnel Request**

**Fiscal Year 2013-14**

A Personnel Request is necessary for all new positions, regular position FTE increases and all proposed reclasses in FY 2013-14 as well as a time extension or change of status request for an existing limited duration position. Personal Request forms are not necessary if the purpose of an FTE increase is to reflect a full year FTE for a regular position added mid-year in FY 2012-13. The focus of this form will be on the budgetary justification and impact. **Please note – a new position or reclass will not become effective until such time as Human Resources has completed its review and has approved the classification request.**

**ACTION REQUESTED:**

<b>Action:</b>		<b>Reclass:</b>		<b>Duration:</b>		<b>Type:</b>	
New position	<input checked="" type="checkbox"/>	Career ladder	<input type="checkbox"/>	Ongoing	<input checked="" type="checkbox"/>	Full-time	<input checked="" type="checkbox"/>
FTE Increase	<input type="checkbox"/>	General	<input type="checkbox"/>	Limited	<input type="checkbox"/>	Part-time	<input type="checkbox"/>
Reclass	<input type="checkbox"/>						

The intent behind this request is reorganize the Operations Department to most effectively manage all building maintenance related work including direct supervision of engineers, electricians, and related building maintenance employees and vendors/contractors. As part of the reorganization, we would eliminate 2 FTE painter positions and shift the painting work to external vendors.

**POSITION # AND INCUMBENT:**

This additional position restores the previous supervision of engineering, electrical, and maintenance personnel to a mid-level manager position.

**DUTIES AND RESPONSIBILITIES:**

Manage, supervise and coordinate the daily operations of building maintenance services, inclusive of both staff and contracted services for engineering, electrical, painting, and grounds maintenance. Develop and implement appropriate policies, programs and services to ensure effective utilization of resources and regulatory compliance.

**JUSTIFICATION:**

Two years ago, the direct supervisor of building maintenance services was cut due to budget constraints. This change has afforded Operations management a better day to day understanding of the work required in the facilities, however, the amount of time required to identify, organize, and maintain our assets in three aging facilities combined with the contracting and/or procurement processes for the goods and services needed to complete the building maintenance work has proved to be very time-intensive. In order for the department to keep moving forward, this mid-level management position needs to be restored so the Operations Management team can be freed from significant direct supervision duties while continuing to move forward with identifying and improving departmental business process inefficiencies, policy and procedures development, and staff accountability. The level of risk to the organization with not enough direct supervision of field staff or alternatively not enough time spent on improving business processes, identifying operational inefficiencies, and controlling costs serves to increase likelihood of poor staff morale in a union environment, dissatisfied clients and patrons, or missed opportunities to best manage our buildings using a high performance buildings approach.

***Personnel Request***

***Fiscal Year 2013-14***

**BUDGET IMPACT** (for FTE increases or reclasses include only the new or additional cost):

	<u>Rate</u>	<u># of hours worked</u>	<u>Amount</u>	<u>Total</u>
Salary	\$29.00	2080	\$60,320	
Fringe:				
Payroll taxes-Variable	8.37%		\$5,049	
Payroll taxes –Fixed	\$29		\$29	
Retirement PERS	17.82%		\$10,749	
Health and Welfare	\$13,795		\$13,795	
Other benefits-Variable	0.32%		\$193	
Other benefits-Fixed	\$63		\$63	
Additional Costs:				
Other (specify)				
<b>TOTAL NEW COSTS</b>				<b><u>\$90,198</u></b>

**Anticipated Starting Date of Position:**

**July 1, 2013**

Funding Source \_This position will be funded through the elimination of two full time painting positions (\$128, 651).

Note: \$40,000 was added to the operating budget for contract painting services-also funded by the elimination of the 2 FTE.

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Portland Center for the Performing Arts**  
**2013-14 Proposed Budget**

	2010-11	2011-12	2012-13		% Change
	Actual	Actual	Adopted	2013-14	of
	June-11	June-12	Budget	Proposed Budget	Annual
			June-13	June-14	Budget
					100%
<b>Operating</b>					
Revenue	5,925,299	6,538,007	6,430,712	6,994,946	9%
Revenue - Food and Beverage	1,679,877	2,168,223	1,714,973	1,911,562	11%
<b>Total Operating Revenue</b>	<b>7,605,176</b>	<b>8,706,230</b>	<b>8,145,685</b>	<b>8,906,508</b>	<b>9%</b>
Costs - Food and Beverage	1,497,220	1,737,468	1,476,235	1,647,214	12%
Personal Services	5,189,200	5,377,505	5,582,207	5,563,671	0%
Goods & Services	1,867,774	2,102,087	2,105,811	2,818,085	34%
<b>Total Operating Expenses</b>	<b>8,554,194</b>	<b>9,217,060</b>	<b>9,164,253</b>	<b>10,028,970</b>	<b>9%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>(949,018)</b>	<b>(510,830)</b>	<b>(1,018,568)</b>	<b>(1,122,462)</b>	<b>10%</b>
<b>Non Operating</b>					
Transient, Lodging Tax	1,200,000	1,234,320	1,255,824	1,302,505	4%
Visitor Development Fund (VDF)	598,966	616,336	626,830	650,383	4%
Government Support City of Portland	767,019	774,040	793,408	816,020	3%
Non-Operating Revenue	80,239	113,049	84,376	44,128	-48%
Non-Operating Expense	2,500	-	-	-	-
	<b>2,643,724</b>	<b>2,737,745</b>	<b>2,760,438</b>	<b>2,813,036</b>	<b>2%</b>
<b>Support and Risk Management</b>					
MERC Administration	778,535	623,532	598,674	373,721	-38%
Metro Support Services	697,615	757,694	874,448	957,612	10%
Metro Risk Management	140,652	258,452	239,905	223,867	-7%
	<b>1,616,802</b>	<b>1,639,678</b>	<b>1,713,027</b>	<b>1,555,200</b>	<b>-9%</b>
<b>Net Increase (Decrease)</b>	<b>77,903</b>	<b>587,237</b>	<b>28,843</b>	<b>135,374</b>	<b>369%</b>
<b>Transfers</b>					
Intrafund Transfers	-	-	-	-	-
Transfers to (Expense)	-	613,522	5,281	-	-
Transfers from (Revenue)	-	28,440	17,500	-	-
<b>Net Transfers</b>	<b>-</b>	<b>(585,082)</b>	<b>12,219</b>	<b>-</b>	<b>-</b>
<b>Net Operations</b>	<b>77,903</b>	<b>2,155</b>	<b>41,062</b>	<b>135,374</b>	<b>230%</b>
<b>Capital</b>					
Capital Outlay Expense	917,855	514,494	570,000	-	-
Non-Operating Revenue	314,465	452,231	75,000	-	-
Intrafund Transfers (Exp/Rev)	-	15,000	-	-	-
<b>Net Capital</b>	<b>(603,507)</b>	<b>(47,264)</b>	<b>(495,000)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Inc (Dec)</b>	<b>(525,603)</b>	<b>(45,109)</b>	<b>(453,938)</b>	<b>135,374</b>	<b>-130%</b>
<b>Food and Beverage Gross Margin</b>	<b>182,657</b>	<b>430,755</b>	<b>238,738</b>	<b>264,348</b>	<b>11%</b>
<b>Food and Beverage Gross Margin %</b>	<b>10.9%</b>	<b>19.9%</b>	<b>13.9%</b>	<b>13.8%</b>	
<b>Full Time Employees</b>			<b>46.4</b>	<b>43.4</b>	
<b>Fund Balance</b>					
Beginning Fund Balance			8,445,301	7,991,363	
Fund Balance Inc (Dec)			(453,938)	135,374	
<b>Ending Fund Balance</b>			<b>7,991,363</b>	<b>8,126,737</b>	
Unrestricted Fund Balance			435,025	135,374	
Operating Contingency			300,000	300,000	
Stabilization Reserve			174,500	174,500	
Contingency for Renewal & Replacement			-	-	
Designated for Renewal & Replacement			5,345,000	5,590,000	
New Capital/Business Strategy Reserve			1,736,838	1,926,863	
<b>Ending Fund Balance</b>			<b>7,991,363</b>	<b>8,126,737</b>	

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## ***FY 2013-14 Base Budget***

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- *Personal Services*

- ✓ Continue development and implementation of critical financial and administrative management policies, procedures and processes resulting from the MERC/Metro Business Practices Study. Policies and processes were streamlined and enhanced to better serve the venues and needs of the agency: The following positions were moved to the Metro general fund and included in the allocated indirect cost allocation with costs shared by all Metro departments. Personal Services costs decreased \$446,227 from FY 2012-13 Budget.

♦ Systems Analyst	2.0 FTE
♦ Accountants	2.0 FTE
♦ Accounting Technicians	2.0 FTE

- *Materials & Services*

- ✓ The final MERC Admin staff moved to the Metro building July 2012. There is a combined savings realized in the proposed budget in materials and services from the actual closing of the office in the Convention Center and 6.0 FTE moving to the general fund. Materials & Services decreased \$165,828 from FY 2012-13 Budget.

- *Metro Support Services & Risk Management Costs*

- ✓ Metro indirect Costs increased \$317,037 based on preliminary estimates
- ✓ Risk Management costs decreased \$99,585 resulting from lower claims and a rebate generated based on available fund balance in the Risk fund.

The total decrease in MERC Administration costs allocated to the venues is \$611,737, which is a combination of the savings in personal services, materials & services and the current estimate for interest earnings. This savings is offset by the increase in the indirect support costs from the Metro general fund and a reduction in risk management costs charged to the venues. The net result of all of the changes described above create a net savings to the Venues of \$394,285.

- *Capital Outlay/ Renewal & Replacement*

- ✓ **Server / Storage Replacement of Aged Equipment \$64,000**
  - ♦ 14 of the 17 MERC IT servers have reached or exceeded their expected life cycle and are no longer under support from the vendors. At these ages, there is increased likelihood of equipment failure, with additional risks that the manufacture may not have the needed repair parts. Some of the servers are older than eight years.
  - ♦ In partnership, the data storage system that supports these servers has reached an end of life and no longer can contain all the required file storage (note the regular requests from the Help Desk to clean up unneeded files to make room for more space).

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## ***FY 2013-14 Base Budget***

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- ♦ Project will purchase the needed computing power and add this purchased capacity to the existing Metro virtualized data center with dedicated MERC server blades and storage space.
- ♦ This joint combination of resources with Metro will provide more computing capabilities at a \$25,000 cost reduction compared to building a MERC only solution
- ♦ Project will be completed in FY14
- ♦ ROI, reduction of risk of equipment failure, plus increased capacity for future growth
- ✓ **SQL Server Upgrade – Software \$28,800**
  - Various MERC Microsoft SQL databases require upgrading so as to continue support.
  - The following database systems will be upgraded or enhanced
    - Aramark Versa Touch POS support upgrade
    - USI event based management software version upgrade Development
    - USI event based management software version upgrade Test
    - USI event based management software version upgrade Production
  - Project will be completed in FY14
  - ROI, ability to provide ongoing support with modern database system

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**MERC Administration**  
**2013-14 Proposed Budget**

	2010-11 <u>Actual</u> June-11	2011-12 <u>Actual</u> June-12	2012-13 Adopted <u>Budget</u> June-13	2013-14 <u>Proposed Budget</u> June-14	% Change of Annual <u>Budget</u> 100%
<b>Operating</b>					
Revenue	11,549	(18,083)	-	-	-
Personal Services	1,866,526	1,405,853	1,155,255	709,028	-39%
Goods & Services	288,562	248,973	559,309	393,481	-30%
<b>Net Operating Results Inc (Dec)</b>	<b>(2,143,540)</b>	<b>(1,672,909)</b>	<b>(1,714,564)</b>	<b>(1,102,509)</b>	<b>-36%</b>
<b>Non Operating</b>					
Non-Operating Revenue	7,031	9,176	4,068	3,750	-8%
Non-Operating Expense	-	-	-	-	-
	<b>7,031</b>	<b>9,176</b>	<b>4,068</b>	<b>3,750</b>	<b>-8%</b>
<b>Support and Risk Management</b>					
MERC Administration	2,224,386	1,781,520	1,710,496	1,098,759	-36%
	<b>2,224,386</b>	<b>1,781,520</b>	<b>1,710,496</b>	<b>1,098,759</b>	<b>-36%</b>
<b>Net Increase (Decrease)</b>	<b>87,877</b>	<b>117,787</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transfers</b>					
Transfers to (Expense)	-	252,257	-	-	-
Transfers from (Revenue)	-	12,222	-	-	-
<b>Net Transfers</b>	<b>-</b>	<b>(240,035)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operations</b>	<b>87,877</b>	<b>(122,248)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital</b>					
Capital Outlay Expense	-	-	47,000	-	-
Transient, Lodging Tax	492,214	902,391	-	-	-
Non-Operating Revenue	-	-	-	-	-
<b>Net Capital</b>	<b>492,214</b>	<b>887,391</b>	<b>(407,000)</b>	<b>-</b>	<b>-</b>
<b>Fund Balance Inc (Dec)</b>	<b>580,091</b>	<b>765,144</b>	<b>(407,000)</b>	<b>-</b>	<b>-</b>
<b>Full Time Employees</b>					
Excise Tax	434	251	-	11.5	5.5
<b>Fund Balance</b>					
Beginning Fund Balance			2,347,725	1,940,725	
Fund Balance Inc (Dec)			(407,000)	-	
<b>Ending Fund Balance</b>			<b>1,940,725</b>	<b>1,940,725</b>	
Unrestricted Fund Balance			1,041,883	-	
Operating Contingency			95,335	95,335	
Designated for Renewal & Replacement			471,293	610,785	
Contingency for Renewal & Replacement			200,000	200,000	
Restricted by Agreement - TLT			132,214	1,034,605	
<b>Ending Fund Balance</b>			<b>1,940,725</b>	<b>1,940,725</b>	