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## Metro | *Exposition Recreation Commission*

### *Agenda*

Meeting: MERC Commission Budget Retreat  
 Date: Wednesday, November 7, 2012  
 Time: 12:30 p.m. – 2:30 p.m. (follows MERC Commission meeting)  
 Place: Oregon Convention Center – King Board Room (inside OCC Admin Office)

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1. Opening comments (Goldman/Dresler)
  - General budget direction 10 min
2. Brief overview of budget calendar (C Hill) 5 min
3. Recap FY 2012 Budget actuals (Cruickshank/Rotchford/Williams) 15 min/5 ea. venue  
 How is FY 2013 looking as of 1<sup>st</sup> quarter / balance of the year?
4. FY 2014 challenges and assumptions (Cruickshank/Rotchford/ Williams) 55 min/15 venues/  
 10 min global
  - Global venue considerations
    - Benefits increase assumptions
    - Affordable Care Act
    - Overhead cost assumptions
  - Individual Venue Outlook
    - OCC Number of conventions
    - OCC Roof replacement
    - PCPA Operating budget
    - PCPA capital
    - Expo BES yearly storm water fee increases – July 2013 – 25%-50%-75%-100% - July 2016
    - Expo Marketing and Sales
5. Other discussion 30 min

# FY 12-13 Draft Budget Development Calendar

Updated November 5, 2012

## November 2012

➤ **Commission Budget Retreat**

**November 7**

➤ Review Renewal & Replacement Schedule and prepare draft capital plan

November/December

➤ Preliminary Financial Assumptions released to Finance Managers

Mid November

## December 2012

➤ Final Assumptions and Instructions released to Departments

December

➤ Budget Committee Meeting

TBD

➤ Venues develop operating budgets & 5 year capital plans

December

## January 2013

➤ Venue budgets Due (General Manager & MERC Finance Manager)

January 7 thru 12

➤ **Draft budget numbers due to Metro Financial Planning**

**January 18**

➤ Budget Committee Meeting - Review preliminary budgets

Mid to late January

➤ PCPA presents proposed capital projects to the PCPA Foundation

January

## February 2013

➤ **Commission Meeting - Budget Chair report on proposed budget progress**

**February 6**

➤ **Budget Committee Meeting - Consider budget proposal for submission to Commission**

**TBD**

➤ COO meets with individual departments

February 4 –

March 16

March 2013

- |   |                |
|---|----------------|
| ➤ <b>Commission Meeting – Opportunity for budget amendments</b> | <b>March 6</b> |
| ➤ COO final decisions (potential impact to the Venues)          | March 15       |
| ➤ All Budget materials due to Metro                             | March 22       |

April 2013

- |  |                 |
|--|-----------------|
| ➤ <b>Commission Meeting – Opportunity for budget amendments</b>  | <b>April 3</b>  |
| ➤ Budget is released to Council  | April 11        |
| ➤ <b>Council Meeting – COO presents the Proposed Budget and Budget Message (MERC Budget Chair presents the MERC Fund Budget)</b> | <b>April 25</b> |
| ➤ Budget Committee Meeting - as needed to consider budget amendments   | TBD             |

May 2013

- |   |              |
|---|--------------|
| ➤ <b>Commission Meeting – Opportunity for budget amendments</b> | <b>May 1</b> |
| ➤ Budget Committee Meeting as necessary                         | TBD          |
| ➤ Council Approves Budget for transmittal to the TSCC           | May 2        |

June 2013

- |   |                |
|---|----------------|
| ➤ <b>Commission Meeting – Final opportunity for budget amendments</b> | <b>June 5</b>  |
| ➤ TSCC Hearing  | TBD            |
| ➤ Council Meeting - Council considers budget amendments               | June 13        |
| ➤ <b>Council Meeting - Council adopts budget</b>                      | <b>June 20</b> |

## MERC Budget Retreat

November 7, 2012

Portland Exposition Center	Budget 2011-12	Actual 2011-12	Variance 2011-12	Percent
Total Revenues and Transfers	6,470,278	6,153,995	316,283	4.89%
Total Expenditures and Transfers	<u>7,242,118</u>	<u>6,576,679</u>	<u>665,439</u>	9.19%
Fund Balance Increase/(Decrease)	( 771,840 )	( 422,684 )	( 349,156 )	
Beginning balance	<u>4,732,826</u>	<u>4,732,826</u>		
Actual ending fund balance	3,960,986	4,310,142		
Estimated FY 2011-12 ending balance (Included in the FY 2012-13 budget as the beginning balance)		4,127,437		
Surplus/(Deficit) *		182,705		
<i>* Amount available to fund reserves</i>				

# MERC Budget Retreat

November 7, 2012

Oregon Convention Center	Budget 2011-12	Actual 2011-12	Variance 2011-12	Percent
Total Revenues and Transfers	28,026,108	28,468,383	( 442,275 )	-1.58%
Total Expenditures and Transfers	<u>30,510,184</u>	<u>28,961,865</u>	<u>1,548,319</u>	5.07%
Fund Balance Increase/(Decrease)	( 2,484,076 )	( 493,482 )	( 1,990,594 )	
Beginning balance	<u>11,552,031</u>	<u>11,552,031</u>		
Actual ending fund balance	9,067,955	11,058,549		
Estimated FY 2011-12 ending balance (Included in the FY 2012-13 budget as the beginning balance)		10,333,212		
Surplus/(Deficit) *		725,337		
* Amount available to fund reserves				

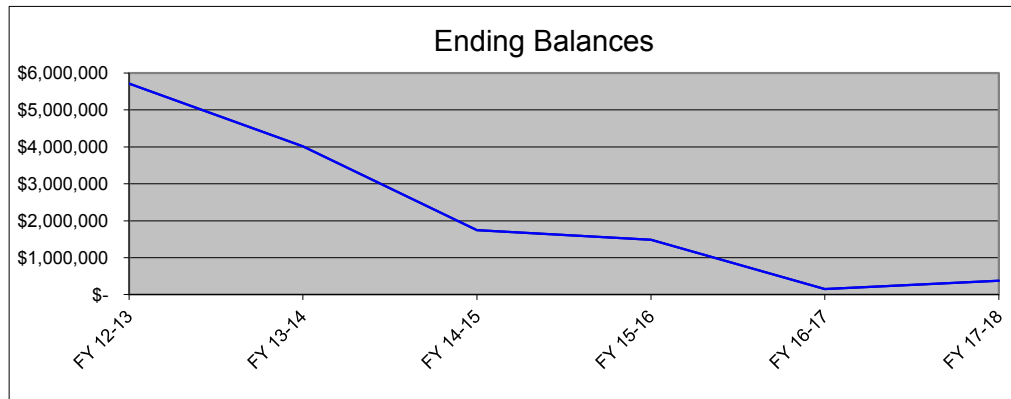
# MERC Budget Retreat

November 7, 2012

Portland Center for the Performing Arts	Budget 2011-12	Actual 2011-12	Variance 2011-12	Percent
Total Revenues and Transfers	12,059,946	11,924,645	135,301	1.12%
Total Expenditures and Transfers	<u>12,712,559</u>	<u>11,969,754</u>	<u>742,805</u>	5.84%
Fund Balance Increase/(Decrease)	( 652,613 )	( 45,109 )	( 607,504 )	
Beginning balance	<u>8,490,410</u>	<u>8,490,410</u>		
Actual ending fund balance	7,837,797	8,445,301		
Estimated FY 2011-12 ending balance (Included in the FY 2012-13 budget as the beginning balance)		8,010,276		
Surplus/(Deficit)	*	435,025		
<i>* Amount available to fund reserves</i>				

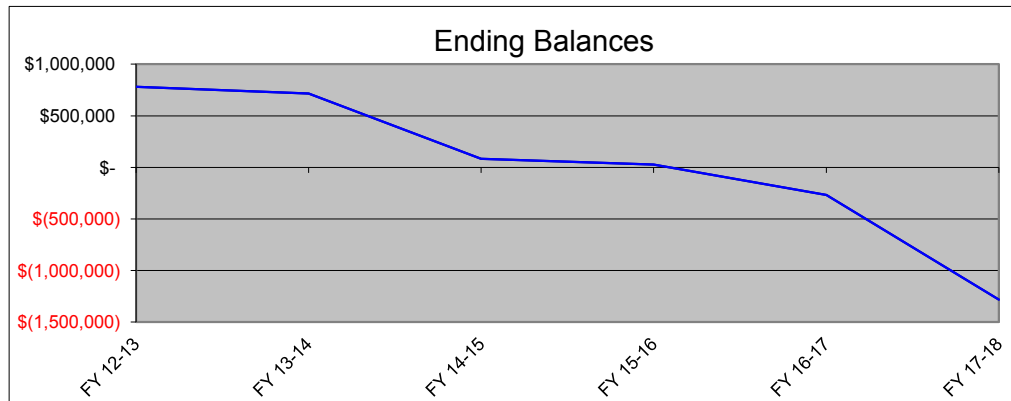
**OCC Renewal & Replacement - 5 year pro forma**  
**11-2-2012**

	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>
<b>Sources of Funds</b>						
Beginning Balance	5,325,779	5,713,779	4,017,773	1,744,724	1,481,536	153,965
Annual Contribution	875,000	875,000	875,000	875,000	875,000	875,000
Interest	28,000	16,472	24,464	19,648	23,565	12,862
<b>Total Sources</b>	<b>\$ 6,228,779</b>	<b>\$ 6,605,251</b>	<b>\$ 4,917,237</b>	<b>\$ 2,639,372</b>	<b>\$ 2,380,101</b>	<b>\$ 1,041,827</b>
<b>Uses of Funds</b>						
Expected Project Spending	515,000	2,587,478	3,172,513	1,157,836	2,226,136	666,687
Contingency	0	0	0	0	0	0
Budgeted Project Costs	515,000	2,587,478	3,172,513	1,157,836	2,226,136	666,687
less: Other revenue sources	0	0	0	0	0	0
<b>Total Uses</b>	<b>\$ 515,000</b>	<b>\$ 2,587,478</b>	<b>\$ 3,172,513</b>	<b>\$ 1,157,836</b>	<b>\$ 2,226,136</b>	<b>\$ 666,687</b>
<b>Ending Balance</b>	<b>\$ 5,713,779</b>	<b>\$ 4,017,773</b>	<b>\$ 1,744,724</b>	<b>\$ 1,481,536</b>	<b>\$ 153,965</b>	<b>\$ 375,140</b>



**Expo Renewal & Replacement - 5 year pro forma**  
11-2-2012

	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>
<b>Sources of Funds</b>						
Beginning Balance	925,000	779,500	715,861	82,466	26,222	(266,767)
Annual Contribution	85,000	85,000	85,000	85,000	85,000	85,000
Interest	4,500	2,161	4,004	1,256	1,112	(2,272)
<b>Total Sources</b>	<b>\$ 1,014,500</b>	<b>\$ 866,661</b>	<b>\$ 804,866</b>	<b>\$ 168,722</b>	<b>\$ 112,334</b>	<b>\$ (184,039)</b>
<b>Uses of Funds</b>						
Expected Project Spending	235,000	150,800	722,400	142,500	379,101	1,097,000
Contingency	0	0	0	0	0	0
Budgeted Project Costs	235,000	150,800	722,400	142,500	379,101	1,097,000
less: Other revenue sources	0	0	0	0	0	0
<b>Total Uses</b>	<b>\$ 235,000</b>	<b>\$ 150,800</b>	<b>\$ 722,400</b>	<b>\$ 142,500</b>	<b>\$ 379,101</b>	<b>\$ 1,097,000</b>
<b>Ending Balance</b>	<b>\$ 779,500</b>	<b>\$ 715,861</b>	<b>\$ 82,466</b>	<b>\$ 26,222</b>	<b>\$ (266,767)</b>	<b>\$ (1,281,039)</b>

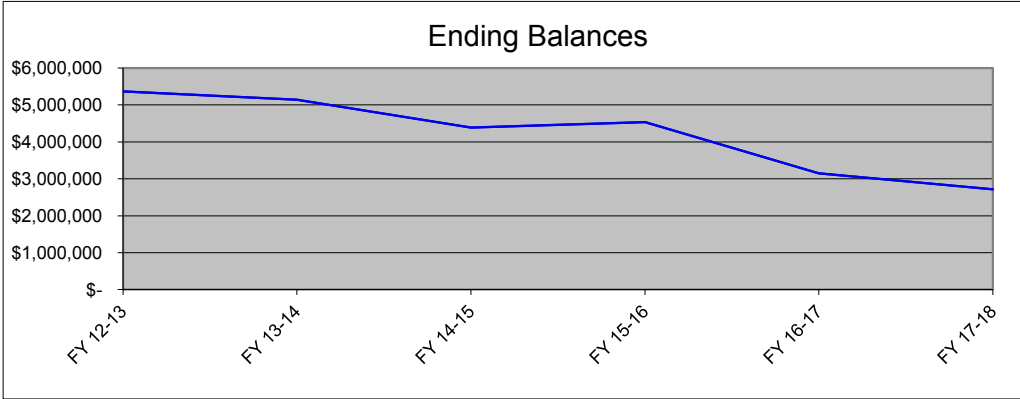




**PCPA Renewal & Replacement - 5 year pro forma**

11-2-2012

	<b>FY 12-13</b>	<b>FY 13-14</b>	<b>FY 14-15</b>	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>FY 17-18</b>
<b>Sources of Funds</b>						
Beginning Balance	5,595,000	5,370,000	5,140,910	4,390,896	4,533,197	3,149,525
Annual Contribution	245,000	245,000	245,000	245,000	245,000	245,000
Interest	25,000	14,038	26,930	34,769	47,782	42,432
<b>Total Sources</b>	<b>\$ 5,865,000</b>	<b>\$ 5,629,038</b>	<b>\$ 5,412,840</b>	<b>\$ 4,670,666</b>	<b>\$ 4,825,979</b>	<b>\$ 3,436,956</b>
<b>Uses of Funds</b>						
Expected Project Spending	495,000	488,127	1,021,943	137,469	1,676,454	718,912
Contingency	0	0	0	0	0	0
Budgeted Project Costs	495,000	488,127	1,021,943	137,469	1,676,454	718,912
less: Other revenue sources	0	0	0	0	0	0
<b>Total Uses</b>	<b>\$ 495,000</b>	<b>\$ 488,127</b>	<b>\$ 1,021,943</b>	<b>\$ 137,469</b>	<b>\$ 1,676,454</b>	<b>\$ 718,912</b>
<b>Ending Balance</b>	<b>\$ 5,370,000</b>	<b>\$ 5,140,910</b>	<b>\$ 4,390,896</b>	<b>\$ 4,533,197</b>	<b>\$ 3,149,525</b>	<b>\$ 2,718,045</b>



**Reserve Balances**  
**FY 2012-13 Adopted Budget**  
**November 7, 2012**

	Expo	OCC	PCPA	Admin	MERC
<b>A. Contingency Reserves:</b>					
1) Operating Contingency	364,000	1,540,000	300,000	95,335	2,299,335
2) Stabilization	186,000	260,000	174,500		620,500
<b>Subtotal Contingency Reserves</b>	<b>550,000</b>	<b>1,800,000</b>	<b>474,500</b>	<b>95,335</b>	<b>2,919,835</b>
<b>B. Accumulation Reserves:</b>					
1) Renewal & Replacement Reserve Beginning Balance	925,000	5,325,779	5,595,000	718,293	12,564,072
Annual Contribution to R & R Reserve for FY 2012-13	85,000	875,000	245,000		1,205,000
Capital request included in proposed budget	(235,000)	(515,000)	(495,000)	(47,000)	(1,292,000)
Capital request budgeted in Contingency (project TBD)				(200,000)	(200,000)
<b>Adjusted Renewal &amp; Replacement Reserve</b>	<b>775,000</b>	<b>5,685,779</b>	<b>5,345,000</b>	<b>471,293</b>	<b>12,277,072</b>
2) New Capital/Business Strategy	2,782,937	1,334,856	1,605,776		5,723,569
Expo Annual Contribution to R & R Reserve	(85,000)				(85,000)
Expo review current status of Halls A, B, C	(75,000)				(75,000)
Expo Operating Deficit	(197,912)				(197,912)
Adjustment based on ending fund balance forecast	(300,000)		131,062		(168,938)
<b>Adjusted New Capital Business Strategy Reserve</b>	<b>2,125,025</b>	<b>1,334,856</b>	<b>1,736,838</b>	<b>-</b>	<b>5,196,719</b>
3) MERC TLT Pooled Capital Account					492,214
Transfer to Expo Center Capital					(270,000)
Transfer to OCC Capital					(90,000)
<b>Adjusted MERC TLT Pooled Capital Account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,214</b>
4) OCC Project Balance TLT Capital		230,000			230,000
Capital request included in proposed budget		(220,000)			(220,000)
<b>Adjusted OCC Project Balance TLT Capital</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>

## Renewal & Replacement Reserve

### Summary by Venue

November 7, 2012

	Beginning Balance	FY 13-14	FY 14-15	FY 15-16	FY 16-17	Total
<b>Expo Center</b>						
Beginning Balance		775,000	370,000	130,000	(125,000)	
Annual Contribution		85,000	85,000	85,000	85,000	340,000
Annual expenditures per current five year capital plan		490,000	325,000	340,000	370,000	1,525,000
<b>Ending Balance</b>	<b>775,000</b>	<b>370,000</b>	<b>130,000</b>	<b>(125,000)</b>	<b>(410,000)</b>	
<b>Oregon Convention Center</b>						
Beginning Balance		5,685,779	4,075,779	1,565,779	(484,221)	
Annual Contribution		875,000	875,000	875,000	875,000	3,500,000
Annual expenditures per current five year capital plan		2,485,000	3,385,000	2,925,000	2,900,000	11,695,000
<b>Ending Balance</b>	<b>5,685,779</b>	<b>4,075,779</b>	<b>1,565,779</b>	<b>(484,221)</b>	<b>(2,509,221)</b>	
<b>Portland Center for Performing Arts</b>						
PCPA						
Beginning Balance		5,345,000	4,135,000	2,870,000	2,115,000	
Annual Contribution		245,000	245,000	245,000	245,000	980,000
Annual expenditures per current five year capital plan		1,455,000	1,510,000	1,000,000	910,000	4,875,000
<b>Ending Balance</b>	<b>5,345,000</b>	<b>4,135,000</b>	<b>2,870,000</b>	<b>2,115,000</b>	<b>1,450,000</b>	

**Analysis of City of Portland Proposed stormwater fee increases on the Portland Expo Center - 11.7.12**

Source	Code Area	Acres	Tax Amount	
Mult. Co. Taxes - FY	710	0.12	\$	12.42
Mult. Co. Taxes - FY	710	4.09	\$	966.92
Mult. Co. Taxes - FY	710	37.9	\$	10,114.34
Mult. Co. Taxes - FY	710	0.39	\$	30.94
Mult. Co. Taxes - FY	201	10.91	\$	2,876.20
<b>TOTAL TAXES FY13</b>	<b>PENN 1</b>		<b>\$</b>	<b>14,000.82</b>

New BES Rate increase detail	New BES rate per mo. less		25% increase FY14	50% increase FY15	75% increase FY16	100% increase FY17	
	Full Rate	Less 35% PENN 1 credit					
	\$ 10.55	\$ 3.69	\$ 6.86	\$ 1.71	\$ 3.43	\$ 5.14	\$ 6.86
			Based on every Standard Rate · (\$1.71)	50% increase (\$3.43) FY15 per month	75% increase (\$5.14) FY16 per month	100% increase (\$6.86) FY17 per month	
<b>Source</b>	<b>IA Sq. Ftg.</b>	<b>1,000 sq. ft.</b>	<b>\$10.55 / month</b>	<b>FY14 per month</b>	<b>month</b>	<b>FY16 per month</b>	<b>FY17 per month</b>
Combined sources <i>PENN1, CoP, EMP</i>	1,713,379	1713.38	\$ 18,076.15	\$ 2,929.88	\$ 5,876.89	\$ 8,806.77	\$ 11,753.78
			<b>Per Year - FY14</b>	<b>Per Year - FY15</b>	<b>Per Year - FY16</b>	<b>Per Year - FY17</b>	
		<b>Per year</b>	<b>\$ 35,158.54</b>	<b>\$ 70,522.68</b>	<b>\$ 105,681.22</b>	<b>\$ 141,045.36</b>	