

**METROPOLITAN EXPOSITION RECREATION COMMISSION**

**Resolution No. 12-02**

**For the purpose of approving and transmitting to the Metro Council budget amendments to the MERC Fund for fiscal year 2011-12.**

**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 2011-12 budgets for the MERC Fund, and;

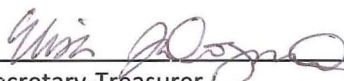
**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition Recreation Commission approves budget amendments to the MERC Fund as described in the attached Staff Report and Exhibits A and B for the fiscal year beginning July 1, 2011 and ending June 30, 2012 for inclusion as part of the total Metro budget for this period.

Passed by the Commission on January 4, 2012.

Approved as to Form:  
Daniel B. Cooper, 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 Metro Council budget amendments to the MERC Fund for fiscal year 2011-12.

**Resolution No. 12-02**

**Date:** January 04, 2012

**Presented by:** Matthew Rotchford /  
Cynthia Hill

**Background for Exhibit A:** In August 2011, Expo Center staff entered into negotiations with Cirque du Soleil for the presentation of a new Cirque event being brought to the Portland area. The event represents a lengthy stay exceeding three months, over fifty performances and a projected attendance base of 100,000 varied attendees that are likely new visitors to the Portland Expo Center. By October of the same year, the event had been awarded to the Portland Expo Center. Immediate preparations began agency-wide to support the event and organize for Cirque's arrival.

Initial estimates support a revenue potential of \$546,241 through rent, concessions buyouts, alcohol sales and parking. To support this new revenue opportunity, we are requesting a one-time transfer of **\$336,840** from the Strategic Business Reserve to support the arrival and execution of this event in the following way:

- Shuttle expenses for existing events within the Cirque timeline, and during the event itself -**\$78,050**.
- Rental of a satellite parking lot or lots (\$37,500), and hiring of professional labor – Portland police, peer security, parking cashiers (\$57,875) related to the successful execution of a comprehensive shuttle and satellite parking operation – **\$95,375**.
- Specific improvements for the temporary use of the gravel lot located on the South end of the campus (which adds an estimated 270 new parking spaces). Including rental of fencing, signage, lighting and related improvements – **\$12,000**.
- Targeted and specific buyouts required with Tri-Met on behalf of existing Expo clients who will be seriously inconvenienced – **\$25,000**.
- Support for increased and otherwise unanticipated food and beverage expenses - **\$126,415**.

**Background for Exhibit B:** As reported at the August 2011 MERC Commission meeting, Gard Communications presented the completed Marketing and Communications plan for the Expo Center. At the time of the report, the corresponding Website Redesign with Oak Tree Digital was nearing its final phase. The Marketing and Communications plan included a proposed budget and timeline for implementation. All of which are under review by the Expo staff.

As the Cirque event opportunity became a reality in the following months, it became clear that this type of one-time marketing opportunity exemplifies the goals and outcomes expressed in the plan. To support this unique opportunity as well as ramp up our efforts to transition to our new branding, we are requesting a one-time transfer of **\$195,000** from the Strategic Business Reserve to support these specific marketing and communications initiatives in the following way:

- Improved Expo brand identity signage (\$15,000), and main parking entry beautification (\$2,000) throughout the facility campus - **\$17,000**.
- Transit advertising (\$60,500) to advantage increased TriMet ridership targeted local print advertising – (Oregonian, Willamette Week -\$60,500) and direct mail (\$15,500) efforts - **\$136,500**.
- Colorful banner installations in the Expo parking lot via Elmer's Flag and Banner to enhance brand identity impacts once patrons are on site – **\$6,500**.
- Installation of permanent, rebranded signage on the current Expo tower which can be seen from the Interstate - **\$35,000**.

**Fiscal Impact:**

**Exhibit A:**

- Revenue is projected to increase by \$546,241 due to the Cirque opportunity.
- Expenses related to Cirque are estimated at **\$336,840** (this considers excise tax, shuttle expenses, buyouts and food and beverage costs).

**Exhibit B:**

- Expenses related to immediately enhance long-term Marketing and Communications efforts are estimated at **\$195,000** but are considered part of a long-term business strategy investment.
- If successful, the Cirque event has the potential of returning for multiple years with a much higher ROI following these initial investments.

**Budget Impacts:** This resolution authorizes a reduction in the Business Strategy Reserve of \$531,840. The additional revenue of \$546,241 will be recognized or received to offset the Business Strategy Reserve reduction.

**Recommendation:** Staff recommends that the Metropolitan Exposition Recreation Commission approve Resolution 12-02.

## Exhibit A

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Exposition Recreation Commission Fund							
MERC Fund							
Resources							
BEGBAL Beginning Fund Balance							
	* Undesignated		3,871,587		0		3,871,587
	* Renewal & Replacement Reserve		12,543,636		0		12,543,636
	* Transient Lodging Tax Capital Reserve		430,310		0		430,310
	* New Capital / Business Strategy Reserve		5,100,848				5,100,848
	* Aramark Contract Capital Investment Reserve		652,366		0		652,366
	* PERS Reserve		1,991,822		0		1,991,822
GRANTS Grants							
4120	Local Grant - Direct		46,675		0		46,675
LGSHRE Local Gov't Share Revenues							
4130	Hotel/Motel Tax		11,155,335		0		11,155,335
GVCNTB Contributions from Governments							
4145	Government Contributions		784,320		0		784,320
CHGSVC Charges for Service							
4500	Admission Fees		1,880,177		0		1,880,177
4510	Rentals		7,333,144		135,539		7,468,683
4550	Food Service Revenue		11,912,662		177,886		12,090,548
4560	Retail Sales		7,000		0		7,000
4570	Merchandising		15,000		0		15,000
4575	Advertising		15,000		0		15,000
4580	Utility Services		1,578,500		0		1,578,500
4590	Commissions		1,123,500		0		1,123,500
4620	Parking Fees		2,874,555		232,816		3,107,371
4645	Reimbursed Services		2,645,172		0		2,645,172
4647	Reimbursed Services - Contract		527,989		0		527,989
4650	Miscellaneous Charges for Svc		370,050		0		370,050
INTRST Interest Earnings							
4700	Interest on Investments		122,806		0		122,806
DONAT Contributions from Private Sources							
4750	Donations and Bequests		450,000		0		450,000
4760	Sponsorship Revenue		160,000		0		160,000
MISCRV Miscellaneous Revenue							
4170	Fine & Forfeitures		1,500		0		1,500
4805	Financing Transaction		93,664		0		93,664
4890	Miscellaneous Revenue		35,926		0		35,926
EQTREV Fund Equity Transfers							
4970	Transfer of Resources						
	* from General Fund		480,000		0		480,000
	* from Risk Management Fund		114,822		0		114,822
TOTAL RESOURCES			\$68,318,366		\$546,241		\$68,864,607
Total Personal Services		185.85	\$17,791,493	-	\$0	185.85	\$17,791,493
Materials & Services							
GOODS Goods							
5201	Office Supplies		198,065		0		198,065
5205	Operating Supplies		307,112		0		307,112
5210	Subscriptions and Dues		55,295		0		55,295
5214	Fuels and Lubricants		16,600		0		16,600
5215	Maintenance & Repairs Supplies		524,140		0		524,140
5225	Retail		11,000		0		11,000

## Exhibit A

		Current		Amended			
		Budget		Revision		Budget	
ACCT	DESCRIPTION	FTE	Amount	FTE	Amount	FTE	Amount
Metro Exposition Recreation Commission Fund							
SVCS	Services						
5240	Contracted Professional Svcs		660,309		195,000		855,309
5245	Marketing Expense		2,642,520		0		2,642,520
5246	Sponsorship Expenditures		41,000		0		41,000
5247	Visitor Development Marketing		425,397		0		425,397
5251	Utility Services		2,636,796		0		2,636,796
5255	Cleaning Services		34,200		0		34,200
5260	Maintenance & Repair Services		1,199,660		0		1,199,660
5265	Rentals		524,700		210,425		735,125
5270	Insurance		23,700		0		23,700
5280	Other Purchased Services		387,575		0		387,575
5281	Other Purchased Services - Reimb		448,571		0		448,571
5291	Food and Beverage Services		9,501,203		126,415		9,627,618
5292	Parking Services		272,931		0		272,931
IGEXP	Intergov't Expenditures						
5300	Payments to Other Agencies		261,846		0		261,846
5310	Taxes (Non-Payroll)		17,000		0		17,000
OTHEXP	Other Expenditures						
5450	Travel		175,696		0		175,696
5455	Staff Development		116,514		0		116,514
5490	Miscellaneous Expenditures		3,500		0		3,500
Total Materials & Services			\$20,485,330		\$531,840		\$21,017,170
Total Capital Outlay			\$3,066,366		\$0		\$3,066,366
Total Interfund Transfers			\$6,142,766	-	\$0		\$6,142,766
<u>Contingency and Ending Balance</u>							
CONT	Contingency						
5999	Contingency						
	* General Contingency		2,299,335		0		2,299,335
	* New Capital/Business Strategy Reserve		5,334,381		(531,840)		4,802,541
UNAPP	Unappropriated Fund Balance						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		620,500		0		620,500
	* New Capital/Business Strategy Reserve		0		546,241		546,241
	* Renewal & Replacement		12,578,195		0		12,578,195
Total Contingency and Ending Balance			\$20,832,411		\$14,401		\$20,846,812
TOTAL REQUIREMENTS		185.85	\$68,318,366	-	\$546,241	185.85	\$68,864,607

**Exhibit B**  
**Schedule of Appropriations**

	<b><u>Current</u></b> <b><u>Appropriation</u></b>	<b><u>Revision</u></b>	<b><u>Revised</u></b> <b><u>Appropriation</u></b>
<b>MERC FUND</b>			
MERC	41,343,189	531,840	41,875,029
Non-Departmental			
Debt Service	0	0	0
Interfund Transfers	6,142,766	0	6,142,766
Contingency	7,633,716	(531,840)	7,101,876
Unappropriated Balance	13,198,695	546,241	13,744,936
<b>Total Fund Requirements</b>	<b>\$68,318,366</b>	<b>\$546,241</b>	<b>\$68,864,607</b>