
MERC Commission Budget Work Session

November 5, 2014
10:30 am

Oregon Convention Center
777 NE Martin Luther King Jr. Blvd.
Room A103/104



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

www.oregonmetro.gov

Metro | *Exposition Recreation Commission*

Work Session Agenda

Meeting: Metro Exposition Recreation Commission Work Session
Date: Wednesday, November 5, 2014
Time: 10:30 a.m. - noon
Place: Oregon Convention Center Room A103/104

- | | | | |
|--------------|-----------|---|--|
| 10:30 | 1. | <p>Introduction and Goals for the day</p> <ul style="list-style-type: none"> • Explore context for FY 2015-16 Budget and relationship between each venue's: <ul style="list-style-type: none"> ○ Strategic goals ○ Budget objectives ○ Future opportunities & challenges • Understand relationship between strategies and funding options • Determine budget topics and information of interest to the Commission | Robinson |
| 10:40 | 2. | <p>FY 2014-15 Budget Forecast</p> <ul style="list-style-type: none"> • FY 2015-16 Budget assumptions • 5 – Year Forecast • MERC Fund Reserves • Policy changes in FY 2014-15 | Rowe |
| 11:00 | 3. | <p>VENUE REPORTS for FY 2015-16 BUDGET YEAR</p> <p>Portland's 5 Centers for the Arts</p> <ul style="list-style-type: none"> • P'5 Fund Forecast & Reserves (Rowe) • Strategic Goals and Objectives • FY 2014-15 Budget Objectives • Future Opportunities & Challenges <p>Expo Center</p> <ul style="list-style-type: none"> • Expo Fund Forecast & Reserves (Rowe) • Strategic Goals and Objectives • FY 2014-15 Budget Objectives • Future Opportunities & Challenges <p>Oregon Convention Center</p> <ul style="list-style-type: none"> • OCC Fund Forecast & Reserves (Rowe) • Strategic Goals and Objectives • FY 2014-15 Budget Objectives • Future Opportunities & Challenges <ul style="list-style-type: none"> • Hotel Project • Labor Contracts | <p>Leyba Kramer</p> <p>Rotchford</p> <p>Cruickshank</p> |
| 11:55 | 4. | <p>Commission budget process FY 2015-16</p> <p>ADJOURN for November MERC meeting</p> | Collier |

**PORTLAND'S CENTERS FOR THE ARTS
BUDGET OBJECTIVES FY 2014-15
PROGRESS REPORT**

Develop a plan to address long term funding strategy for Portland's.

An analysis of costs to "open the door" of each performance space was completed. A report on cost/revenue by major tenants and other organizations that reflects the level of subsidy that Portland's provides was also completed. We are currently in the process of setting up a meeting with certain Metro staff to begin drafting a strategy to advance this conversation among stakeholders.

Implement ticket retargeting program.

Ran three campaigns to determine the effectiveness of this program (Fan One). Results were generally good. However the decision was made to move to a different email and retargeting system that is also available to us that expands our capabilities and is more integrated (PACMAIL). Staff is in process of being trained on that system now. The retargeting piece will be implanted after staff are fully trained.

Develop sponsorship kit for Portland's produced events.

Opted to focus more on marketing kit that could be offered to clients to assist in selling their shows. This was implemented this summer. Sponsorship kit in progress but not completed.

Implement business development initiative.

Booking Sales and Marketing Director hired who has presenting and co-promoting skills that can be used to fill dates. Dark day analysis for all halls completed. Have four presentations negotiated and contracted in January and February for the 350 seat Winningstad Theater which has quite a bit of availability. We also want to start out with smaller, lower risk shows as we evaluate staff resources for marketing and producing these events.

Develop revitalization plan for the Portland's Foundation.

No progress on this. Begun conversation with Foundation about hiring a development person to organize and ramp up their fundraising capabilities.

**OREGON CONVENTION CENTER
BUDGET OBJECTIVES FY 2014-15
PROGRESS REPORT**

Develop succession plan for key positions and set the groundwork for the next generation of OCC staff.

Over the last several months we have restructured our sales, events and operations departments in multiple ways. In sales we have created a junior sales manager option for our vacant sales manager position and an assistant director of sales position. Similarly we have created a senior events manager. We are also transitioning our two account executive positions into event manager positions. Multiple changes are occurring in our operations department including the reclassifying of the assistant ops manager into a facilities manager position. This provides better oversight of facility maintenance and contractor services. Our AV department is being reorganized to better meet client needs by reclassifying the AV supervisor into a manager position, reclassifying the previous AV Lead Technician position into a Production Supervisor position and developing three AV Technicians into AV Lead Technicians to oversee the work of PT AV and contracted labor. None of these changes involved the addition of a position. These changes will allow us to develop staff from within where possible.

Develop “master plan” for OCC both interior and exterior of the facility.

Currently working with the PDC to develop a new landscape plan for OCC from the Holladay Lobby to the MLK lobby. Additionally, working to develop Holladay as a “Green Street”, a prototype for the city for surface water management. OCC will be issuing an RFP this winter for a “Master Plan” contractor. This will focus on the interior of OCC.

Continue to enhance sustainability programs thru enhanced teamwork and partnerships with clients, vendors and staff.

Continued year two on furthering our efforts to refine our Strategic Energy Management Plan. This will involve employee work practices. Also working with show decorators and clients on how we can best reduce the overall waste for their shows. IAVM was a recent success that was able to achieve a 67% diversion rate.

Create new website that allows for immediate and easy access to a vast array of facility information.

This project is in the works. Danielle Kulcyk from Metro Communications is leading our team. We have contracted with OMBU and Sockeye Creative for website development and brand creative. Our target completion date is late spring.

Hire key sales positions to insure long-term growth and success of OCC – focusing on new business and AV design sales.

In addition to the changes described above, we have hired a second A/V sales coordinator. This position was approved as part of the 2014-2015 budget.

Increase focus on efficiencies and cost reductions in the entire operation.

At this point this has been addressed in our sustainability efforts.

Target specific local high revenue events and book them at the OCC.

Some recent laser focused solicitations include Children's Cancer Association, MODA Health, and Precision Castparts.

Conduct proactive preventative maintenance and maximization of equipment efficiencies to reduce short- and long-term equipment replacement costs.

Opened a vacant facilities manager position.

Equipment is being maintained as scheduled through our Computerized Maintenance Management System, a software database for tracking facility maintenance.

Equipment is being identified for replacement in accordance with the equipment's life expectancy and R & R schedule.

Provide a high level of service to all clients utilizing our customer service program acknowledging high level performance, secret shops and survey results

We are once again revising our B the D program to be more impactful to staff. Another area of upcoming focus will be the admissions/gate staff. Scott Cruickshank and Erin Jepson will be conducting small group trainings.

**PORTLAND EXPO CENTER
BUDGET OBJECTIVES FY 2014-15
PROGRESS REPORT**

Focus marketing and communications planning and execution on increased sales revenue opportunities for new and repeat business.

To date, the Sales team has focused their marketing efforts in the following ways – 1) Client only newsletter – we have sent out two client-only e-newsletters with information and details specific to the event producer and their needs. 2) Broad advertising has pulled back from the Oregonian and focused on local newspapers and other opportunities within the community such as movie-theatre pre-show ads and sponsorship of local parks concerts. In addition, Expo utilized a OPB sponsorship to broaden our reach to the Portland community. 3) In response to client requests, replacement of awning for entries for Halls ABC were replaced.

New revenues are anticipated with a focused booking and catering approach lead by the sales managers from Expo and ARAMARK/pacificwild and a continued increase in three-year license agreements.

This report is a bit early in the cycle for the recurring 3 year agreements, but we have seen new and focused effort for new revenues. In addition upselling for repeat clients resulted in positive increases in catering for events such as the Timber Processing Expo.

Continue work on broader opportunities where expansion into new markets is possible and meeting our community outreach objectives.

I believe the marketing work reflects this as well as the sales outreach done by both Alicia and Sheridan. This began in the summer where sales calls were planned for the day and direct visits undertaken. Appearance at a number of North Portland events and activities has kept the property front of mind with the community.

Develop ongoing food and beverage improvements with our partners ARAMARK/pacificwild, up to and including concession stand improvements, new event development, quality of food and service, cleanliness, and an improved food and beverage margin.

There is still work to be done in this area. The current F&B Director and the Aramark Sales Manager for the Expo are still new and we have been working with them in developing better work plans for this team that will produce results. Cirque and the Vans Warped tour are two highlights as we moved out of FY14. The fall tradeshow season also showed improvements. More attention on labor costs, reporting and team building is needed to attain the goals we all want to see.

Continue engagement with the City of Portland's Bureau of Environmental Services (Stormwater Management) and the Multnomah County Drainage District #1.

With the recent completion of the Stormwater Greenwall, the stage is set with BES to find ways in which to work together to reduce stormwater fees. Recent news may affect those conversations as Dean Marriott, BES Director is on paid leave, with Jim Hagerman in the role while he is out. We will continue to pursue this dialougue. MCDD is busy at work with the Oregon Solutions Project, and a fair bit of unknowns. Regardless, this has resulted in increased costs to the Expo Center that we will need to mitigate. I serve on the board of the MCDD Pennisula 1 district.

Further develop the positive attributes of having an engaged Expo Advisory Committee dedicated to the topics of: Long-Term Funding Solutions, Community Outreach, History and Equity.

Our last two meetings were very positive and now that our work with the Marketing and Feasibility Study is reaching a close, the funding question especially will require a broader creative dialogue in which these partners can greatly assist. Progress has been made in the areas of Community and History.

Focus capital projects on sustainable initiatives, sustained efforts on diversion practices and continued partnership with the City of Portland and Bureau of Environmental Services. Capital investments and project will focus on ROI and enhanced sustainability. A measured approach to renewal and replacement projects and continued follow-up and research for the ongoing stewardship of Halls A, B and C.

Capital projects have been positively moving forward this fiscal year with the finalization of both the lighting and controls for 4 of our 5 exhibit halls, the completion of the Stormwater Green Wall and the completion of 3 sustainable reports – stormwater management, ecoroof and solar feasibility. In addition, analysis of our current roofs and status reports for each is also helpful. Overall, we are doing well with our capital efforts for FY15 thus far.

**MERC ADMINISTRATION
BUDGET OBJECTIVES FY 2014-15
PROGRESS REPORT**

Expo Project

The results of the Market and Financial Feasibility Study conducted by Hunden Strategic Partners were presented to the MERC Commission in October 2014 and will be used to inform Expo's business planning. Next steps include reviewing study results with stakeholders, identifying areas for further analysis, and validating key financial and business assumptions. It is anticipated that the Expo Project Team will begin exploring realistic business scenarios by the end of fiscal year 2014-15.

Venue Resource Alignment Project

Work to identify and explore potential synergies and efficiencies between the OCC and the Portland Expo Center is underway. Staff have reviewed historic work from the 2009-2011 Best Business Practices Project to identify additional areas that contain opportunities. Next steps include analyzing opportunities as they relate to service improvements and cost reductions. It is anticipated that recommendations will be reviewed and discussed by the end of fiscal year 2014-15.

First Opportunity Target Area Program Assessment

In January 2014, Cogan Owens Cogan was selected as the consultant team to assist with this project in the following areas: legislative research, demographic analysis, stakeholder engagement and best practices research. Initial findings were shared in May and a final report is due in November 2014. Included in the consultant's analysis is a set of draft policy recommendations and suggestions for improvement in the area of program administration. The MERC Commission is scheduled to receive and consider the report and recommendations at its December meeting. In January, the Commission will meet in a joint work session with the Metro Council to discuss their final recommendations. Throughout the project, the Metro/COC team relied extensively on the expertise and knowledge of the MERC FOTA Advisors (Commissioners Elisa Dozono, Terry Goldman, Ray Leary and Karis Stoudamire-Phillips) and Metro Equity Liaisons (Councilors Sam Chase and Shirley Craddick). An implementation work plan will be developed in early 2015 for the Commission's consideration in April 2015.

**Materials following this page are
attachments to the public record.**

MERC Work Session

November 5, 2014



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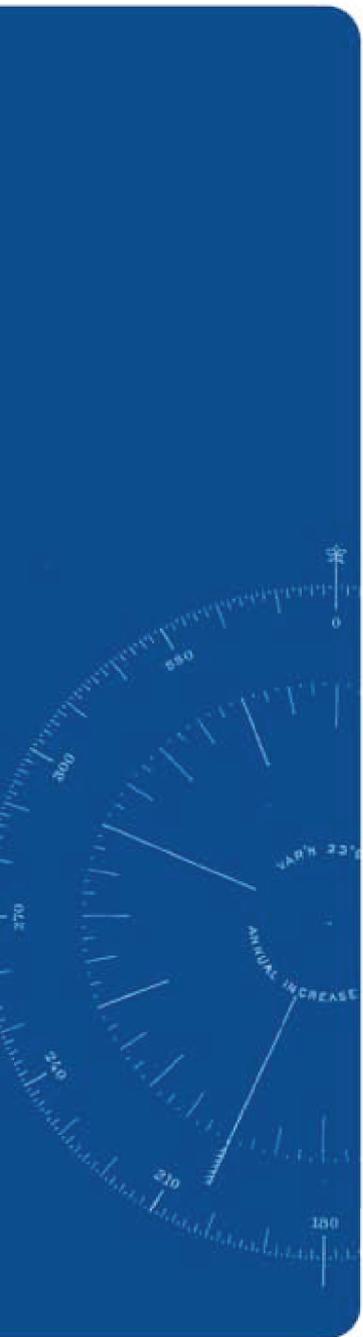
MERC Work Session

Agenda

- Goals for day
- Financial Flyover
 - FY 2015-16 Budget Assumptions
 - 5 – Year Forecast
 - MERC Fund Reserves
 - Policy Changes
- Venue Reports
 - Venue Historical Reserves
 - Venue 5 – Year Forecast
 - Venue Strategic goals
 - FY 2014-15 Venue Budget Objectives update
 - Venue Opportunities & Challenges
- Commission budget process
- Adjourn

Goals for Today

- Understand the **context** for the FY 2015-16 Budget and relationship between each venue's:
 - Strategic goals
 - Budget objectives
 - Future opportunities & challenges
- Understand relationship between venue strategies and **funding options**
- Determine **budget topics** and information of particular interest to the Commission



FY 2015 – 16 Budget Assumptions

Revenue	2015-16	2016-17
Charges for Services* - OCC	5.00%	5.00%
Charges for Services* - Expo & P5	3.00%	3.00%
TLT – OCC	5.00%	5.00%
TLT – P5	2.65%	2.75%
MTOCA – OCC	420,000	420,000
MTOCA – Expo	180,000	180,000
Expenses		
COLA	2.65%	2.75%
Merit	2.00%	2.00%
Health & Welfare	8.00%	8.00%
PERS	17.07%	00.00%
Consumer Price Index (CPI)**	2.65%	2.75%
Central Services Costs	5.00%	3.00%

*Charges for Services include: Rent & Rental Services, Admissions, Food & Beverage, & Parking

*Business revenue increase assumptions built into forecast for OCC & Expo FY19-20

**All other operating expenses inflated by CPI

MERC Reserves

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	CAGR
Renewal & Replacement	770,000	1,790,000	12,560,000	13,450,000	12,980,000	13,940,000	
New Business Strategy	1,150,000	1,340,000	5,100,000	4,540,000	5,430,000	5,430,000	
Restricted	7,020,000	6,910,000	2,850,000	1,390,000	2,860,000	3,980,000	
Unassigned	17,690,000	17,050,000	5,870,000	6,780,000	9,160,000	8,730,000	
MERC Total	26,630,000	27,090,000	26,380,000	26,160,000	30,430,000	32,080,000	
\$ Change Y-O-Y		460,000	(710,000)	(220,000)	4,270,000	1,650,000	1,090,000
% Change Y-O-Y		2%	-3%	-1%	16%	5%	4%



Policy Changes FY 2013-14

- Reserve Policy
- MTOCA – Metro Tourism Opportunity and Competitiveness Account





Portland's 5 Centers for the Arts

Portland's Reserves

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	CAGR
Renewal & Replacement	300,000	1,000,000	5,600,000	5,600,000	5,430,000	6,310,000	
New Business Strategy	-	-	1,630,000	1,610,000	1,800,000	1,800,000	
Restricted	810,000	810,000	620,000	-	140,000	80,000	
Unassigned	7,930,000	7,200,000	650,000	1,240,000	1,660,000	1,660,000	
P5 Total	9,040,000	9,010,000	8,500,000	8,450,000	9,030,000	9,850,000	
\$ Change Y-O-Y		(30,000)	(510,000)	(50,000)	580,000	820,000	162,000
% Change Y-O-Y		0%	-6%	-1%	7%	9%	2%



Portland'5 5-Year Forecast Summary

	CAGR 2009-2014	Budget 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	CAGR 2015-2020
Beginning Fund Balance	3.0%	9,840,000	8,040,000	6,350,000	4,680,000	3,760,000	3,580,000	-18.3%
Event Revenue	2.2%	9,680,000	9,970,000	10,270,000	10,580,000	10,890,000	11,220,000	3.0%
TLT	0.5%	1,310,000	1,350,000	1,380,000	1,420,000	1,460,000	1,510,000	2.8%
City of Portland Support*	2.1%	420,000	430,000	440,000	450,000	460,000	480,000	2.8%
Other	-13.7%	300,000	310,000	320,000	330,000	340,000	350,000	2.9%
Operating Revenues	3.0%	11,710,000	12,050,000	12,410,000	12,780,000	13,160,000	13,560,000	3.0%
Operating Expenditures	4.2%	12,120,000	12,540,000	12,900,000	13,400,000	13,810,000	14,350,000	3.4%
Net Operating (A)		(410,000)	(490,000)	(490,000)	(620,000)	(650,000)	(790,000)	
Capital								
Portland'5 Foundation		100,000	100,000	100,000	100,000	100,000	100,000	
City of Portland Support*		420,000	430,000	440,000	450,000	460,000	480,000	
Aramark Capital Contribution		30,000	60,000	100,000	110,000	140,000	30,000	
Total Capital Revenue		550,000	590,000	630,000	670,000	700,000	610,000	
Total Capital Expenditures		1,940,000	1,780,000	1,810,000	980,000	230,000	500,000	
Net Capital (B)		(1,390,000)	(1,190,000)	(1,180,000)	(310,000)	470,000	110,000	
Fund Balance Inc./Dec (A+B)		(1,800,000)	(1,680,000)	(1,670,000)	(930,000)	(170,000)	(680,000)	
Ending Fund Balance		8,040,000	6,350,000	4,680,000	3,760,000	3,580,000	2,900,000	

*Split 50/50 Operations/Capital according to IGA



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Strategic Goals

FISCAL RESPONSIBILITY - Ensure adequate funding for venues to ensure protection of public assets

CUSTOMER SERVICE - Consistently deliver exceptional customer service

FACILITY STEWARDSHIP - Maintain and enhance state-of-the-art facilities and business operations

PROFESIONAL STAFF - Cultivate an environment to recruit and retain diverse, professional and competent staff and volunteers



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Current Year (2014-15) Budget Objectives

1. Develop a plan to address long term funding strategy for Portland'5.
2. Implement ticket retargeting program.
3. Develop sponsorship kit for Portland'5 produced events.
4. Implement business development initiative.
5. Develop revitalization plan for the Portland'5 Foundation.



Short – Term Opportunities & Challenges

Opportunities	Challenges
Presenting/co-promotions bring new revenue opportunities.	Staff resources not adequate to support presentations and increased event load.
Completed cost/revenue analysis of venues and users provides real view of subsidy levels by user group.	Financial health of major tenants is weak.
Ticketing system and new website have revenue opportunities that we have not had previously.	Portland’5 Foundation is languishing.
Aramark capital investment will increase F&B revenues.	
Continued participation in PACSTATS and upcoming PACOPS will provide benchmarking stats that will keep us operationally sharp.	



Long – Term Opportunities & Challenges

Opportunities	Challenges
Presenting/co-promoting broadens business base so to avoid becoming overly dependant on any one type of business.	Very high level of subsidy for resident companies may not be sustainable long term.
Broadway Across America contract extended to 2026.	Rising personnel costs.
Capital projects in recent years had a sustainability focus that will result in long-term operational savings.	Capital needs of aging venues will soon outstrip reserves.



Budget Topics of Interest

- What topics does the Commission wish to hear more about during the budget process?





Portland Expo Center

Expo Reserves

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	CAGR
Renewal & Replacement	40,000	60,000	930,000	930,000	820,000	480,000	
New Business Strategy	1,150,000	1,340,000	2,950,000	2,250,000	2,300,000	2,300,000	
Restricted	240,000	240,000	180,000	-	90,000	30,000	
Unassigned	4,320,000	4,010,000	680,000	1,130,000	730,000	570,000	
Expo Total	5,750,000	5,650,000	4,740,000	4,310,000	3,940,000	3,380,000	
\$ Change Y-O-Y		(100,000)	(910,000)	(430,000)	(370,000)	(560,000)	(474,000)
% Change Y-O-Y		-2%	-16%	-9%	-9%	-14%	-10%



Expo 5-Year Forecast Summary

	CAGR 2009-2014	Budget 2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	CAGR 2015-2020
Beginning Fund Balance	-8.3%	3,370,000	2,750,000	2,530,000	2,140,000	1,270,000	440,000	-33.6%
Event Revenue	1.7%	6,170,000	6,360,000	6,540,000	6,740,000	7,000,000	7,280,000	3.4%
Other	-7.2%	(40,000)	(90,000)	(100,000)	(100,000)	(100,000)	(110,000)	9.4%
Operating Revenues	2.1%	6,140,000	6,270,000	6,450,000	6,640,000	6,900,000	7,170,000	3.2%
Operating Expenditures	2.6%	5,310,000	5,450,000	5,640,000	5,880,000	6,090,000	6,360,000	3.7%
Net Operating (A)		830,000	820,000	810,000	760,000	810,000	810,000	-0.3%
Debt Service (until 2024)		1,190,000	1,190,000	1,180,000	1,180,000	1,180,000	1,180,000	
Operating Net of Debt Service (B)		(360,000)	(370,000)	(370,000)	(420,000)	(370,000)	(360,000)	
Capital								
Grants & Other		10,000	-	-	-	-	-	
MTOCA		280,000	180,000	180,000	180,000	180,000	180,000	
TLT Pooled Capital		360,000	360,000	360,000	360,000	360,000	360,000	
Aramark Capital Contrib.		50,000	90,000	140,000	170,000	70,000	50,000	
Total Capital Revenue		700,000	630,000	680,000	710,000	610,000	590,000	
Total Capital Expenditures		960,000	470,000	700,000	1,160,000	1,080,000	500,000	
Net Capital (C)		(260,000)	160,000	(10,000)	(440,000)	(470,000)	90,000	
Fund Balance Inc./((Dec) (A+B+C)		(620,000)	(220,000)	(390,000)	(870,000)	(840,000)	(280,000)	
Ending Fund Balance		2,750,000	2,530,000	2,140,000	1,270,000	440,000	160,000	



Strategic Goals

FISCAL RESPONSIBILITY - Increase revenues and manage expenses through consistent review, educated risk assessment and short and long-term market expansion.

BRAND IDENTITY - Define brand identity by conducting effective marketing and coordinated communications planning.

FACILITY STEWARDSHIP - Responsible stewardship of professional event facility, public investments and ongoing facility and materials improvements.

CUSTOMER / COMMUNITY RELATIONSHIPS - Strong community relations both internal and external, including proactive venue outreach to Metro / MERC leadership.



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Current Year (2014-15) Budget Objectives

1. Focus marketing and communications planning and execution on increased sales revenue opportunities for new and repeat business.
2. New revenues are anticipated with a focused booking and catering approach lead by the sales managers from Expo and ARAMARK/pacificwild and a continued increase in three-year license agreements.
3. Continue work on broader opportunities where expansion into new markets is possible and meeting our community outreach objectives.
4. Develop ongoing food and beverage improvements with our partners ARAMARK/pacificwild, up to and including concession stand improvements, new event development, quality of food and service, cleanliness, and an improved food and beverage margin.
5. Continue engagement with the City of Portland's Bureau of Environmental Services (Stormwater Management) and the Multnomah County Drainage District #1.
6. Further develop the positive attributes of having an engaged Expo Advisory Committee dedicated to the topics of: Long-Term Funding Solutions, Community Outreach, History and Equity.
7. Focus capital projects on sustainable initiatives, sustained efforts on diversion practices and continued partnership with the City of Portland and Bureau of Environmental Services. Capital investments and project will focus on ROI and enhanced sustainability. A measured approach to renewal and replacement projects and continued follow-up and research for the ongoing stewardship of Halls A, B and C.



Short – Term Opportunities & Challenges

Opportunities	Challenges
Cirque du Soleil in 2016 and 2018	Storm water fee (BES) charges increase by double in next 2 years.
New team members	Making the F&B Operation a steady profit center
Expansion of advanced ticket sales for consumer public shows	ABC Halls, in current condition, a challenging sell to new clients
Expand event calendar with new clients and events	Roof repair and HVAC timelines
Expansion of Expo awareness among political supporters – education phase	Funding, planning and drive for results to realize a new vision for the Expo
Continued brand improvements both on campus and on line	Current staffing levels not adequate to support on-going opportunities or expanded event calendar
Continual capital project planning and review.	Inadequate funding sources to support infrastructure

Long – Term Opportunities & Challenges

Opportunities	Challenges
Potential business transition from OCC to EXPO (2018 on)	Columbia River Crossing Project Part 2
Development and expansion of co-promoted or self-promoted events.	MCDD Levee review and construction
Transient Lodging Tax inclusion – planning and execution	Long term funding for Phase 3 of Expo development (replace Halls ABC)
Sponsorships of events or buildings.	City of Portland fees review - Storm Water, street fees and any future fees affecting Expo



Budget Topics of Interest

- What topics does the Commission wish to hear more about during the budget process?





Oregon Convention Center

OCC Reserves

Fiscal Year Ending	2009	2010	2011	2012	2013	2014	CAGR
Renewal & Replacement	430,000	730,000	5,330,000	6,200,000	6,070,000	6,590,000	
New Business Strategy	-	-	520,000	680,000	1,330,000	1,330,000	
Restricted	5,790,000	5,660,000	1,380,000	-	520,000	610,000	
Unassigned	4,660,000	5,040,000	4,330,000	4,180,000	6,500,000	6,230,000	
OCC Total	10,880,000	11,430,000	11,560,000	11,060,000	14,420,000	14,760,000	
\$ Change Y-O-Y		550,000	130,000	(500,000)	3,360,000	340,000	776,000
% Change Y-O-Y		5%	1%	-4%	30%	2%	6.3%



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OCC 5-Year Forecast Summary

	CAGR	Budget						CAGR
	2009-2014	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2015-2020
Beginning Fund Balance	5.0%	14,770,000	11,380,000	6,620,000	5,540,000	5,280,000	5,370,000	-18.3%
Event Revenue	4.2%	20,450,000	21,470,000	22,550,000	23,220,000	24,620,000	26,090,000	5.0%
TLT	4.5%	9,800,000	10,000,000	10,500,000	11,020,000	11,570,000	12,150,000	5.0%
Other	11.3%	1,550,000	1,590,000	1,630,000	1,690,000	1,740,000	1,800,000	3.0%
Operating Revenues	7.4%	31,800,000	33,060,000	34,680,000	35,930,000	37,930,000	40,040,000	4.7%
Operating Expenditures	5.2%	31,020,000	31,780,000	32,790,000	34,130,000	35,250,000	36,740,000	3.4%
Net Operating (A)		780,000	1,280,000	1,890,000	1,800,000	2,680,000	3,300,000	33.4%
Capital								
Grants & Other		60,000	-	-	-	-	-	
Aramark Capital Contrib.		130,000	240,000	400,000	480,000	560,000	130,000	
MTOCA		320,000	420,000	420,000	420,000	420,000	420,000	
TLT Pooled Capital		360,000	360,000	360,000	360,000	360,000	360,000	
Total Capital Revenue		870,000	1,020,000	1,180,000	1,260,000	1,340,000	910,000	
Total Capital Expenditures		4,430,000	3,650,000	4,140,000	3,330,000	3,930,000	3,330,000	
Net Capital (B)		(3,560,000)	(2,630,000)	(2,960,000)	(2,070,000)	(2,590,000)	(2,420,000)	
Hotel Development Exp. (C)		600,000	3,400,000	-	-	-	-	
Fund Balance Inc./ (Dec) (A+B-C)		(3,390,000)	(4,750,000)	(1,080,000)	(260,000)	90,000	890,000	
Ending Fund Balance		11,380,000	6,620,000	5,540,000	5,280,000	5,370,000	6,250,000	



Strategic Goals

FISCAL RESPONSIBILITY (Internal) - Operating in the black (means not relying on reserves to cover operational expenses)

ECONOMIC IMPACT (External) - Exceed historical average (\$500 million) /enhance community/build into a meaningful retail/tourism neighborhood/tax revenue generated exceeds subsidy received by 2 to 1 margin

PROGRESSIVE INDUSTRY LEADERSHIP - Occupy key leadership roles in various local and national industry organizations/national recognition for facility and individuals/industry pioneer in key areas

MAINTAINING A HIGH QUALITY PUBLIC ASSET - Invest capital and human resources effectively and efficiently to maintain a world class facility.



Current Year (2014-15) Budget Objectives

1. Develop succession plan for key positions and set the groundwork for the next generation of OCC staff.
2. Develop “master plan” for OCC both interior and exterior of the facility.
3. Continue to enhance sustainability programs thru enhanced teamwork and partnerships with clients, vendors and staff.
4. Create new website that allows for immediate and easy access to a vast array of facility information.
5. Hire key sales positions to insure long-term growth and success of OCC – focusing on new business and AV design sales.
6. Increase focus on efficiencies and cost reductions in the entire operation.
7. Target specific local high revenue events and book them at the OCC.
8. Conduct proactive preventative maintenance and maximization of equipment efficiencies to reduce short- and long-term equipment replacement costs.
9. Provide a high level of service to all clients utilizing our customer service program acknowledging high level performance, secret shops and survey results.



OCC Hotel Project

- Balance of \$4 million OCC contribution forthcoming when construction begins
- Continued legal fees
- Consultant oversight costs
- OCC cosmetic enhancements
- OCC Landscape redesign



Contract Labor Agreements

- AFSME 3580 at Metro Regional Center wants to bring 3580-1 into group. (Current 3580 contract expires June 30, 2017)
- IUOE Local 701-1 (Engineers and Electricians) expires Dec 31, 2014
- ILWE Local 28 (Security, med techs) Contract expires June 30, 2015.
- IATSE Local 28 Contract expires June 30, 2016
- IATSE Local B-20 Contract expires June 30, 2016



Short – Term Opportunities & Challenges

Opportunities	Challenges
<p>New OCC website</p> <ul style="list-style-type: none"> ▪ Stronger branding ▪ Increased mobile access ▪ Increased booking access 	<p>Rising central services costs:</p> <ul style="list-style-type: none"> ▪ Communications ▪ IS ▪ Legal
<p>Additional Aramark capital funding</p>	<p>Organics program transition</p>
<p>Upward spending trends</p> <ul style="list-style-type: none"> ▪ More travel ▪ More bookings 	<p>WiFi FCC ruling and potential impacts on revenue and services (average annual WiFi service revenue - \$630,000)</p>
<p>Staff training</p>	<p>Delay of Headquarters Hotel</p>
<p>Solar panels</p>	

Long – Term Opportunities & Challenges

Opportunities	Challenges
Organizational staff restructure to facilitate enhanced sales efforts	High hotel occupancies create difficulties in the booking process
Landscape design: <ul style="list-style-type: none">▪ Better surface water management (potential credits)▪ Improved access▪ Enhanced useable space	Hotel opposition: <ul style="list-style-type: none">▪ Potential rising costs▪ Legal costs▪ Fragile partnerships▪ Delays in Hotel construction may shorten pre sale period reducing booking in place for “grand opening”
Headquarters Hotel	Rising wages and labor costs
Continued strategic energy management <ul style="list-style-type: none">▪ Staff education regarding sustainability, lowering costs	Rising food & beverage costs



Long – Term Opportunities & Challenges

Opportunities	Challenges
New Tickets West agreement	Capital funding
Organics Program: <ul style="list-style-type: none">▪ Sort on site▪ Sort with 3rd parties	Ongoing operating costs: <ul style="list-style-type: none">▪ Building modernization▪ Aging chairs for ballrooms and halls
	Technology evolutions and keeping pace with client needs: <ul style="list-style-type: none">▪ Audio visual technology evolutions require continuous upgrades.▪ High Definition equipment costs may price some groups out▪ Storing and maintaining SD equipment may be costly



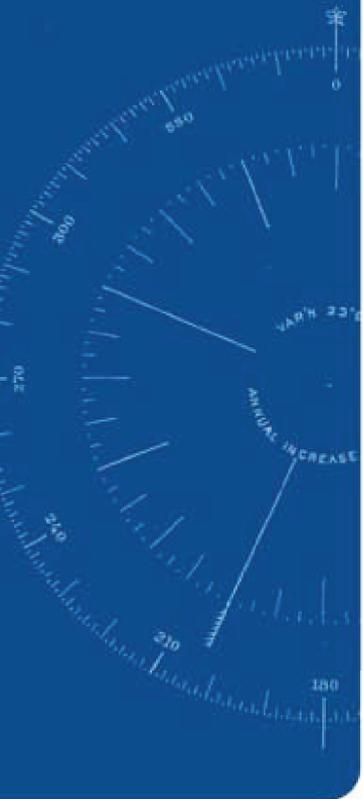
Budget Topics of Interest

- What topics does the Commission wish to hear more about during the budget process?



MERC Commission Budget Process

- Wednesday November 5th – Budget Retreat
- Friday December 12th – Focus on Capital Plans
- Wednesday January 21st – Focus on Operations
- Friday February 20th – Complete Budget
- Wednesday March 4th – Present to Commission
- March – Submit to CEO and Metro Council



Questions?

Comments?



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**Metropolitan Exposition Recreation Commission
Record of MERC Commission – Budget Work Session**

November 5, 2014
Oregon Convention Center

Present:	Ray Leary, Cynthia Haruyama, Terry Goldman, Judie Hammerstad, Chris Erickson, Karis Stoudamire-Phillips
Absent:	Elisa Dozono (excused)
	The Work Session was opened by Metro Deputy COO, Scott Robinson, at 11:50 a.m.
1.	Scott Robinson provided opening remarks including a review of the budget season schedule and an overview of the session agenda. He also pointed out that it is hoped the Commission will provide goals for the MERC Budget.
2.	MERC Finance Manager, Ben Rowe, presented a financial “flyover” including information on the budget assumptions for the venues, a five-year forecast, a review of MERC fund reserves and a recounting of the changes made to MERC budget policy in the last fiscal year including Reserves. End of year savings are now divided as 90% to Renewal and Replacement; 10% to New Business Strategy and MTOCA funds which used to go solely to OCC now also goes to the Expo. Robinson added that the MTOCA fund is a General Fund contribution from the Metro Council coming back to the venues.
3.	<p>Venue Reports</p> <ul style="list-style-type: none"> • Portland’s Centers for the Arts <p>Rowe explained the P’5 Reserves, provided a “look back” at the past five years of P’5 budget and included a forecast through 2020.</p> <p>Lori Leyba Kramer presented P’5 Strategic Goals, a recap of progress on current fiscal year budget objectives, short term and long term opportunities and challenges.</p> <ul style="list-style-type: none"> • Haruyama noted that the resident company issues and need for subsidy has gone on for five years. • Robinson agreed and noted that it is in the budget to have a project manager frame the issue. • Haruyama inquired if the same person could help with the Foundation issues. • Robinson replied affirmatively and added that Robyn Williams will meet with Jani Iverson of the Zoo Foundation for advice. • Haruyama noted that the Expo Report done recently really laid out the numbers for the Commission and added that without the numbers for P’5 it’s difficult to comprehend the problems however she felt a sense of urgency.
	<ul style="list-style-type: none"> • Portland Expo Center <p>Rowe explained the Expo Reserves, provided a “look back” at the past five years of Expo budget and included a forecast through 2020.</p> <p>Matthew P. Rotchford presented Expo’s Strategic Goals, a recap of progress on current fiscal year budget objectives, short term and long term opportunities and challenges.</p> <ul style="list-style-type: none"> • Commissioner Leary asked when it will be time begin the dialog about the transfer of shows from OCC to Expo once the hotel is built. • Robinson noted that part two of the Hunden Report is validation of the business expected to move to Expo and to hone what that revenue stream looks like, as well as what the actual cost of the investment and what the funding sources might be. Based on that, it may be possible to go to Council to request more support for increased investing in Expo.

	<ul style="list-style-type: none"> • Oregon Convention Center <p>Rowe explained the OCC Reserves, provided a “look back” at the past five years of OCC budget and included a forecast through 2020.</p> <p>Scott Cruickshank presented the Convention Center’s Strategic Goals, a recap of progress on current fiscal year budget objectives, short term and long term opportunities and challenges.</p> <ul style="list-style-type: none"> • Regarding the TLT forecast, Commissioner Goldman offered caution stating that the hotel business is cyclical and it is typical to see a dip every 10 years. • Robinson noted that the Commission would like further information on TLT revenue forecasts. • Commissioner Haruyama asked for more information on the healthcare and labor assumptions in the budgets.
	<ul style="list-style-type: none"> • Robinson provided an update on the budget process now through final approval by the Commission in March.
	Meeting adjourned at 12:15 p.m.