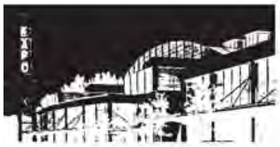
MERC Commission Meeting

March 2, 2011
12:30 pm

Portland Expo Center
2060 N. Marine Drive
Room D 202-03



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

www.oregonmetro.gov

Metro | *Exposition Recreation Commission*

REVISED Agenda

Meeting: Metro Exposition Recreation Commission Regular Meeting

Date: Wednesday, March 2, 2011

Time: 12:30 – 2:30 p.m.

Place: Expo Center, Hall D, Room D202-3

CALL TO ORDER

12:30	**1.**	**QUORUM CONFIRMED**	
12:35	**2.**	**COMMISSIONER / EX OFFICIO COMMUNICATIONS**	
12:45	**3.**	**RESULTS OF METRO EXTERNAL AUDITS FOR FY09-10 PRESENTED BY MOSS ADAMS**	**Terry Goldman** **Suzanne Flynn**
1:00	**4.**	**GENERAL MANAGER COMMUNICATIONS**	**Teri Dresler**
	4.1	January 2011 Financial Report	
1:10	**5.**	**MERC VENUES' BUSINESS REPORTS**	**Blosser/Williams/Bailey**
1:20	**6.**	**OPPORTUNITY FOR PUBLIC COMMENT ON NON-AGENDA ITEMS**	
1:25	**7.**	**DISCUSSION ON POTENTIAL DELEGATION OF AUTHORITY TO ADOPT PERSONNEL RULES TO THE METRO CHIEF OPERATING OFFICER**	**Mary Rowe**
1:30	**8.**	**CONSENT AGENDA**	
	8.1	February 8, 2011 MERC Commission Record of Actions	
	8.2	January 5, 2011 MERC Commission Record of Actions	
1:35	**9.**	**MERC BUDGET COMMITTEE REPORT**	**Judie Hammerstad**
1:50	**10.**	**ACTION AGENDA**	
	10.1	**Resolution 11-05** approves the MERC fiscal year 2011-2012 budget and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the fiscal year 2011-2012; Approves the MERC Reserve Policy; Approves the rental rate increases for the PCPA and the Expo for FY 2011-12; Approves the re-designation of the Expo Center Phase III construction user fee for operations and making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy; and Recommends that OCC finance the Street Car LID assessment and directs the Metro Chief Operating Officer to work with the Metro Council on financing options.	**Judie Hammerstad**
2:15	**11.**	**EXECUTIVE SESSION** – for the purpose of conducting deliberations with persons designated by the governing body to carry on labor negotiations pursuant to ORS 192.660(2)(d).	**Mary Rowe**

ADJOURN

MERC Commission Meeting

March 2, 2011
12:30 pm

3.0 - Results of Metro External Audits for FY09-10
Presented by Moss Adams

Metro FY 2010 Financial Audit Results

Presented by Moss Adams LLC to MERC Commission

March 2, 2011

Suzanne Flynn
Metro Auditor

INDEPENDENT AUDITOR'S REPORT

Metro Council and Metro Auditor
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2010, which collectively comprise Metro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Metro's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 1.4% and .3%, respectively, of the assets and revenues of Metro. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2010 on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison, and schedule of funding progress for other post employment benefits on pages 15 through 34, and 85 through 87 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis and the schedule of funding progress for other post employment benefits on pages 15 through 34, and page 87 which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The schedules of revenues, expenditures, and changes in fund balance – budget and actual, on pages 85 and 86 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Metro's basic financial statements. The introductory section, other supplementary information, capital assets, other financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, capital assets, and other financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. Additionally, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

James C. Lagarotta

For Moss Adams LLP
Eugene, Oregon
December 2, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *OREGON AUDITING STANDARDS*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2010 and have issued our report thereon dated December 2, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2010 and 2011.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

Requirements pertaining to the awarding of public contracts and the construction of public improvements.

Our testing of public contracts identified one instance of ten contracts tested where the contract was approved by individuals in excess of the amount they had the authority to approve under Metro's internal policy.

Laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

During our testing of procurement for the Single Audit, we noted a significant deficiency in internal controls and related instance of non-compliance finding concerning two contracts tested where the contract did not include Metro's standard federal clauses used to ensure contractors are aware that the project is federally sourced and additional federal compliance requirements are applicable to the project.

The above matters are reported in further detail in the accompanying Schedule of Findings and Questioned Costs. Further, additional best practice observations and recommendations were included in a letter issued separately to management.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Metro's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. Those financial statement findings are reported as 2010-01 and 2010-02 in the Schedule of Findings and Questioned Costs. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information of the Metro Council and Metro Auditor, management, and the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lanzarotta

For Moss Adams LLP
Eugene, Oregon
December 2, 2010

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2010, which collectively comprise Metro's basic financial statements and have issued our report thereon dated December 2, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Governmental Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 2010-01 and 2010-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of Metro in a separate letter dated December 2, 2010.

This report is intended solely for the information and use of the audit committee; management; the Council; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 2, 2010

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Metro Council and Metro Auditor
Portland, Oregon

Compliance

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Metro's major federal program for the year ended June 30, 2010. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Metro's management. Our responsibility is to express an opinion on Metro's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Metro's compliance with those requirements.

In our opinion, Metro complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2010-03.

Internal Control over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Metro's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Metro's responses to the findings identified in our audit are included in a separate letter issued by management and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the audit committee; management; the Council; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 2, 2010

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U. S. Department of Agriculture			
Direct Programs:			
Natural Resources Conservation Service-			
Wetlands Reserve Program-Forest Grove Habitat	10.072	66-0435-8-060	$ 7,342
Wetlands Reserve Program-Lovejoy Restoration	10.072	66-0435-8-060	11,596
Wetlands Reserve Program-Gotter Prairie	10.072	66-0436-8-035	18,292
Subtotal Wetlands Reserve Program			37,230
Wildlife Habitat Incentives Program	10.914	7204365C165	8,550
Forest Service-			
Condor Program	10.XXX	09-CS-11062200-007	3,500
UNO Program	10.XXX	09-CS-11062200-010	15,000
Subtotal Forest Service Program			18,500
Total U. S. Department of Agriculture			64,280
U.S. Department of Defense			
Passed through Washington Department of Fish & Wildlife:			
Water Resources Development Act	12.110	WDFW # 06-1337	50,000
Total U.S. Department of Defense			50,000
U. S. Department of the Interior			
Bureau of Land Management-			
Direct Program:			
Federal Land Policy and Management Act (FLPMA)	15.DDG	HAF079Q05	40,000
U.S. Fish and Wildlife Service-			
Passed through Oregon Department of Fish & Wildlife:			
Sport Fish Restoration Program	15.605	F-111D-267	490,034
Passed through The Department of State Lands:			
Cooperative Endangered Species Conservation Fund	15.615	USFWS Sec 6 grant E-28	10,000
Cooperative Endangered Species Conservation Fund	15.615	USFWS Sec 6 grant E6-52	17,811
Subtotal Cooperative Endangered Species Conservation Fund			27,811
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	788
Sportfishing and Boating Safety Act	15.622	1379	98,007
Passed through Oregon Department of Fish & Wildlife:			
Oregon Conservation Strategy Grant	15.634	T-16, E-56	7,606
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	08-1424	52,240
Subtotal State Wildlife Grants			59,846

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Direct Program:			
Service Training and Technical Assistance	15.649	FWS #13420-1113-0000	28,000
Total U. S. Department of the Interior			744,486
U. S. Department of Transportation			
Federal Transit Administration-			
Federal Highway Administration-			
Highway Research and Development Program:			
Direct Program:			
FHWA - DTA Methods Deployment	20.200	DTFH60-09-P-000115	12,000
Highway Planning and Construction (Highway Planning and Construction Cluster)-			
Passed through Oregon Department of Transportation:			
2010 Planning Fund	20.205	ODOT # 25916	1,281,200
2008 Planning Fund Carryover funds	20.205	ODOT # 25916	511,504
2010 STP funds	20.205	ODOT # 25916	700,544
2008 STP Carryover funds	20.205	ODOT # 25916	281,465
2008 STP Next Corridor Carryforward	20.205	ODOT # 25916	148,213
2010 STP Freight	20.205	ODOT # 25916	75,000
Transportation Options Mass Marketing Campaign	20.205	ODOT # 22211	957,094
I-5 / 99W Connector Project	20.205	ODOT # 22445	7,626
Oregon Hwy 212 / Damascus Project	20.205	ODOT # 25218-01	20,418
Passed through Multnomah County, Oregon:			
Sellwood Bridge IGA	20.205	4600006289	8,813
Passed through Clackamas County, Oregon:			
Sunrise Corridor EIS	20.205	Metro # 925507	8,564
Subtotal Highway Planning and Construction			4,000,441
Federal Transit Metropolitan Transportation Planning Grants-			
Passed through Oregon Department of Transportation :			
2010 Technical Studies (Sec 5303)	20.505	ODOT # 25996	315,242
2009 Technical Studies (Sec 5303)	20.505	ODOT # 24986	166,510
Subtotal Federal Transit Metropolitan Planning Grants			481,752
Federal Transit - Formula Grants (Federal Transit Cluster)-			
Direct Programs:			
Transit Oriented Development	20.507	OR90-X073	17,340
Congestion Mitigation & Air Quality Improvement Program (CMAQ):			
Regional Travel Options	20.507	OR95-X010	1,716,586

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet):			
Lake Oswego-Portland - DEIS Support - Task 1	20.507	GH090495TL	211,375
Subtotal Federal Transit Cluster			1,945,301
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR39-0002-01	245,944
Travel Forecasting Model Improvement (Sec 5339)	20.522	OR39-0004	86,302
Subtotal Alternative Analysis Grants			332,246
Total U.S. Department of Transportation			6,771,740
U.S. Department of Education			
Institute of Museum and Library Services -			
Direct Program:			
Museums for America	45.301	MA-04-08-0266-08	37,792
Total U.S. Department of Education			37,792
U.S. Environmental Protection Agency			
Passed through Oregon DEQ:			
Nonpoint Source Implementation Grants	66.460	C9-000451-07	36,862
Direct Program:			
Brownfields Assessment and Cleanup Cooperative Agreements II	66.818	BF-96072301	50,075
Total U.S. Environmental Protection Agency			86,937
Total Expenditures of Federal Awards			$ 7,755,235

NOTE 1 - ACCOUNTING POLICIES

General - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Metro. Metro's financial reporting entity is described in note 1 to Metro's basic financial statements. Financial assistance received directly from federal agencies as well as financial assistance passed through other government agencies is included in the accompanying schedule.

Basis of accounting - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 3 to Metro's basic financial statements.

Relationship to basic financial statements - Federal assistance revenues are reported in Metro's basic financial statements included with revenues from federal and state sources, as described in note 3 to Metro's basic financial statements.

METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ______ yes __X__ no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? __X__ yes _____ none reported

Noncompliance material to financial statements noted? ______ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ yes __X__ no
- Significant deficiencies (s) identified that are not considered to be material weaknesses? __X__ yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? __X__ yes ______ no

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
15.605	U.S. Department of the Interior – U.S. Fish and Wildlife Sport Fish Restoration Program
20.205	U.S. Department of Transportation Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ______ yes __X__ no

Section II - Financial Statement Findings

FINDING 2010-01 – OPEB Census Data – Significant Deficiency in Internal Control

Criteria: Under generally accepted accounting principles (GAAP), the existence, and assets and liabilities, of other post employment benefit plans (OPEB) are required disclosures in the financial statements. For plans covering over 200 or more participants, an actuarial valuation of plan assets and liabilities is required at least biennially, based on participant census data provided by the employer, and by use of certain allowable actuarial methods and assumptions as provided by GASB 45.

Condition: In our testing of the census data of participants of the plan provided to the actuary, we found errors in the census data that was provided to the actuary.

Context: We found that of the 742 participants that should have been included in the census data, 16 were included that were actually no longer participants eligible for benefits under the plan, and 65 participants eligible for benefits were excluded.

Effect: The recorded OPEB liability in the government-wide statement of net assets is estimated to be understated at year end by $77,000, and the reported actuarial accrued liability in the notes to the financial statements, the present value of benefits earned to date under the plan, is estimated to be understated by $176,000.

Cause: The reports generated from the human resource and payroll system were not properly revised to remove new employees that had not yet met eligibility requirements for participation, and failed to include employees terminated after the valuation date but were eligible as of the valuation date. Furthermore, Metro's review and approval process for the census data was not adequate to catch the errors.

Recommendation: We recommend that management create reports that look specifically for new employees not yet eligible for benefits, as well as recently terminated employees that were still eligible for benefits at the valuation date, so that accurate data can be assembled and sent to the actuary. We also recommend that the review process be expanded to specifically look for new hires not yet eligible for participation, as well as terminated employees that were eligible for benefits as of the valuation date.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

FINDING 2010-02 – Zoo Bond Accrued Payroll – Significant Deficiency in Internal Control

Criteria: Under generally accepted accounting principles (GAAP), the liabilities of accrued payroll are required to be reflected and disclosed in the financial statements.

Condition: In our testing of the year-end payroll accrual, we noted that the accrued payroll related accounts were not reconciled and adjusted to correct ending balances in the Zoo Infrastructure and Animal Welfare Fund (ZIAWF).

Context: The ZIAWF was reporting a debit balance – a negative liability – for accrued payroll, and an entry was required to correct the error in the amount of approximately $77,000. This fund records capital improvements at the Oregon Zoo and reported $1.4M of total expenditures for the year. A small amount of Zoo employee labor normally reported in the General Fund was used in the various capital projects during the year, and an allocation of payroll related costs and liabilities was required to be reported in this fund.

Effect: The recorded payroll liability in the ZIAWF financial statements was understated at year end by $77,000 prior to the correcting entry posted by management.

Cause: There were adjusting payroll entries made as a part of the normal payroll process which resulted in the payroll cost and accrual allocations to the ZIAWF. However, subsequent to these accruals during the year, timely reconciliations of the accruals with payments made were not properly reflected in the ZIAWF. In addition, reviews of transactions and balances posted to the ZIAWF were not performed timely by employees in the normal course of performing their duties.

Recommendation: We recommend that management revisit the fund balance and transaction monitoring duties of those responsible for the ZIAWF, and ensure those duties are performed timely.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

Section III - Federal Award Findings and Questioned Costs

Finding 2010-03 Procurement, Suspension and Debarment – Significant Deficiency in Internal Control and Instances of Noncompliance (Unresolved Finding 2009-02)

Federal Program: Sport Fish Restoration Program, passed through the Oregon Department of Fish and Wildlife (Federal CFDA number 15.605)

Federal Agency: US Department of the Interior, US Fish and Wildlife

Award Year: 2009-2010

Criteria: As noted in the A-102 Common Rule, Section 36, governmental subrecipients of States, shall use the same policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Per 43 CFR, Part 12 Section 76 (i) Contract provisions, grantee's and subgrantee's contracts must contain provisions in paragraph (i) .43 CFR Subpart E requires Buy America compliance and Appendix A of Subpart F of 43 CFR Part 12 (8) requires debarment and suspension certifications in the contract provisions.

Condition: During our testing of procurement, we noted two instances in four contracts tested where a contract did not include any of the required federal clauses and certifications. The costs paid by the grant were allowable per the scope of the grant. Metro implemented a review process in fiscal year 2009 to use a checklist for new and amended contracts to ensure all proper language is included qualifying contracts. However, this change was not fully implemented for the Parks department.

Questioned Costs: None as discussed above.

Context: The procured contractor's contracts that were identified as being sourced with federal funds were not amended to include the federal contracting language. This resulted in the contracts not being negotiated with the federal clauses and certifications.

***Effect**:* Federal funds were expended in procurement contracts missing required certifications and/or evidence of the Agency following established procurement procedures.

***Cause**:* Although this issue was identified in the prior year, the Parks department had not identified all existing contracts for projects that have become federally sourced.

Recommendation: Moss Adams recommends Metro further develop a federal contracts review process to ensure appropriate language is included for all Park's contracts that are receiving federal funds. This should include review of current contracts that may require amendments.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

Section IV – Summary Schedule of Prior Federal Award Findings

Finding 2009-01 – Preparation of the Schedule of Expenditures of Federal Awards (SEFA) – Material Weakness in Internal Controls.

Condition: Our testing of the schedule of expenditures of federal awards (SEFA) revealed that two additional grants were federal awards required to be audited under OMB Circular A-133, that were not properly identified by departmental staff as federal awards, and were initially omitted from the SEFA. Central accounting staff responsible for SEFA preparation rely on departmental information and the correct coding of federal awards in the general ledger. The existing processes and controls were insufficient to catch this error by Metro staff in the normal course of performing their accounting and reporting functions. Upon discovery of this, the SEFA was corrected to include these two programs.

Recommendation: Moss Adams recommends that Metro develop and implement policies to ensure the preparation of the SEFA is complete and thorough. Such a policy should include mechanisms for the timely and accurate identification of federal funds received from all sources.

Current Status: Resolved

Finding 2009-02 Procurement, Suspension and Debarment – Significant Deficiency in Internal Control and Instances of Noncompliance (Unresolved Finding 2008-02)

Condition: During our testing of procurement, we noted two instances in eleven contracts tested where a contract did not include any of the required federal clauses and certifications. The costs paid by the grant were allowable per the scope of the grant. Metro implemented a review process in the current year and uses a checklist for new and amended contracts to ensure all proper language is included for Planning department projects. However, this change appears to only be effectively implemented for projects applicable to the Planning department. The two instances noted in fiscal year 2009 were related to the Parks department.

Recommendation: Moss Adams recommends Metro implement an agency wide tracking and review process of contracts to ensure appropriate language is included for all contracts that are receiving federal funds.

Current Status: Unresolved. See Finding 2010-03.

MetroCAFR

Comprehensive Annual Financial Report

For the year ended June 30, 2010

Cover only - entire report may be downloaded from Metro's website (200 pages)

Finance and Regulatory Services Department

Director of Finance and Regulatory Services
Margaret Norton

Prepared by
Accounting Services Division

Accounting Compliance Officer
Donald R. Cox Jr., CPA, CGFM

Financial Reporting Supervisor
Karla J. Lenox, CPA

Metro | *Making a great place*

600 NE Grand Ave., Portland, Oregon 97232

MERC Commission Meeting

March 2, 2011
12:30 pm

4.1 - January 2011
Financial Reports

JANUARY 2011

FINANCIAL INFORMATION

For Management Purposes only

PORTLAND CENTER FOR THE PERFORMING ARTS
A SERVICE OF METRO

expo
A SERVICE OF METRO

OREGON CONVENTION CENTER
A SERVICE OF METRO

THE merc
METROPOLITAN EXPOSITION RECREATION COMMISSION
A SERVICE OF METRO

Date: 02/23/11

To:

Commissioner Elisa Dozono, Chair
Commissioner Ray Leary, Vice Chair
Commissioner Judie Hammerstad, Secretary/Treasurer
Commissioner Chris Erickson
Commissioner Cynthia Haruyama
Commissioner Terry Goldman
Commissioner Karis Stoudamire-Phillips

From:

Julia Fennell – Controller, and Cynthia Hill – Budget Manager

Re: MERC Financial Information for the 7 months ended January 2011

Enclosed please find the monthly financial report for the Metropolitan Exposition Recreation Commission, with detail by venue and department. This report provides current month and year-to-date financial information. It is intended to be used as a management tool for directors, the General Manager, Metro COO, and the MERC Commission. This report omits substantially all disclosures required by generally accepted accounting principles.

Overall the Venues continue to trend better than prior year and budget due to the strong 1st quarter. Expenditures are tied to event activity and the Facility Directors continue to monitor these closely.

Recent lodging industry occupancy and room rate data show significant growth in FY 2010-11. Regional stakeholders are forecasting a 6-8 percent increase over prior year. A 6% increase would be slightly better than budget.

The attached sheets provide the financial highlights at each Venue and a prior year and budgetary overview.

Financial Highlights

Revenue

Operating

- **MERC** overall revenue is better than prior year by 9% or $1.5 million and less than budget by 2% or $699 thousand. Food and Beverage (F&B) is better than budget by 2% or $237 thousand and better than prior year by 6% or $387 thousand.

- **Expo** overall revenue is less than prior year by 5% or $146 thousand. The largest event of the period was the Rose City Classic Dog Show generating approximately $282 thousand, of which F&B generated approximately $99 thousand. Prior year indicators suggest Expo's stronger months are ahead in the 3rd quarter.

- **OCC** is better than prior year by 12% or $1.1 million and better than budget by 3% or $539 thousand. The strong first quarter continues to support the positive event revenue results. The highest accrued revenue generating event was Portland International Auto Show for approximately $416 thousand, of which F&B generated approximately $139 thousand. F&B revenue is better than prior year by 11% or $539 thousand and better than budget by 6% or $526 thousand.

- **PCPA** is better than prior year by 12% or $481 thousand this is due to a strong 1st quarter increase in event revenue by approximately $798 thousand. F&B is better than budget by 12% or $176 thousand. The highest event revenue generator for the period was Hair for approximately $149 thousand.

Non – Operating

- Transient Lodging Tax (TLT) is better than prior year to date by 28.055% which equals $892 thousand.

Expenditures

Operating

- **MERC** overall expenditures are higher than prior year by 2% or 324 thousand and less than budget by 4% or $1.4 million.

- **Expo** overall expenditures are higher than prior year by 3% or $63 thousand and less than budget by 12% or $542 thousand. F&B expenditures are higher than prior year by 7 % or $45 thousand and less than budget by 13% or $192 thousand.

- **OCC** is greater than prior year by 4% or $479 thousand and slightly less than budget by 1% or $132 thousand. F&B is higher than prior year by 6% which is approximately $252 thousand.

- **PCPA** is less than prior year by 3% or $166 thousand and budget by 5% or $460 thousand. F&B is less than prior year by 7% or $68 thousand.

Non – Operating

- Expo has paid 77% or $913 thousand of the budgeted Debt Service of $1.188 million.

- MERC has paid Metro Support Service & Risk Management $1.58 million of the budgeted amount of $2.5 million or 63%.

Metropolitan Exposition-Recreation Commission
MERC Statement of Activity with Annual Budget
All Departments
January 2011

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	2010-11 Adopted Budget	% of Annual Budget
	January-11	January-11	January-10		January-11	59%
Operating						
Revenue	1,821,899	9,899,692	8,836,379	112%	18,481,869	54%
Revenue - Food and Beverage	911,491	7,163,849	6,777,100	106%	11,813,716	61%
Total Operating Revenue	**2,733,389**	**17,063,541**	**15,613,479**	**109%**	**30,295,585**	**56%**
Costs - Food and Beverage	854,842	5,996,460	5,766,393	104%	9,422,641	64%
Personal Services	1,517,755	10,164,994	9,663,399	105%	17,989,676	57%
Goods & Services	520,505	3,578,004	3,960,757	90%	8,218,095	44%
Marketing	218,280	1,527,960	1,552,961	98%	3,037,090	50%
Total Operating Expenses	**3,111,382**	**21,267,418**	**20,943,511**	**102%**	**38,667,502**	**55%**
Net Operating Results Inc (Dec)	**(377,992)**	**(4,203,877)**	**(5,330,032)**	**79%**	**(8,371,917)**	**50%**
Non Operating	-	-	-		-	
Transient, Lodging Tax	118,104	4,073,261	3,180,890	128%	10,558,553	39%
Government Support City of Portland	-	-	-	-	756,907	0%
Non-Operating Revenue	38,495	103,862	120,622	86%	294,773	35%
Non-Operating Expense	-	-	2,503	0%	2,500	0%
	156,599	**4,177,123**	**3,299,009**	**127%**	**11,607,733**	**36%**
Support and Risk Management						
MERC Administration	0	-	-	-	-	-
Metro Support Services	166,099	1,162,693	1,182,797	98%	1,993,186	58%
Metro Risk Management	83,219	416,097	407,145	102%	499,311	83%
	249,318	**1,578,790**	**1,589,942**	**99%**	**2,492,497**	**63%**
Net Increase (Decrease)	**(470,711)**	**(1,605,544)**	**(3,620,965)**	**44%**	**743,319**	**-216%**
Transfers						
Transfers from	-	-	-	-	-	-
Debt Service	-	913,316	1,039,936	88%	1,189,132	77%
Net Transfers	**-**	**913,316**	**1,039,936**	**88%**	**1,189,132**	**77%**
Net Operations	**(470,711)**	**(2,518,860)**	**(4,660,901)**	**132%**	**(445,813)**	**565%**
	-	**0**	**-**		**-**	
Capital						
Capital Outlay	500,836	1,540,966	841,230	183%	5,199,105	30%
Goods & Services	-	-	-	-	-	-
Non-Operating Revenue	2,196	31,520	2,218,425	1%	1,094,592	3%
Transfers from	-	-	-	-	475,000	0%
Net Capital	**(498,640)**	**(1,509,446)**	**1,377,195**	**-110%**	**(3,629,513)**	**42%**
Fund Balance Inc (Dec)	**(969,351)**	**(4,028,306)**	**(3,283,706)**	**123%**	**(4,075,326)**	**99%**
	-	0	-		-	
Food and Beverage Gross Margin	**1,766,333**	**13,160,309**	**12,543,493**		**21,236,357**	**62%**
Food and Beverage Gross Margin	**6.2%**	**16.3%**	**14.9%**		**20.2%**	
Full Time Employees			**-**		**190.0**	
Excise Tax	**(132,258)**	**(742,400)**	**(706,026)**			
Taxes as percent of revenue	**4%**	**19%**	**17%**		**26%**	

	Current Year to Date	Prior Year to Date	2010-11 Adopted Budget
Fund Balance			
Beginning Fund Balance	27,089,539	26,619,236	27,089,539
Fund Balance Inc (Dec)	(4,028,306)	(3,283,706)	(4,075,326)
Ending Fund Balance	**23,061,233**	**23,335,530**	**23,014,213**
Unrestricted Fund Balance			15,547,386
Contingency			1,913,463
Contingency for Renewal & Replacement			270,000
Designated for Renewal & Replacement			1,785,000
Designated for Phase 3			1,237,232
Contingency for HQH			-
Contingency for HQH (PERS Rsvr - Prior)			-
Designated for PERS Reserve - Current			360,277
Designated for PERS Reserve - Prior			1,631,545
Restricted by Contract - Aramark			-
Restricted by Agreement - TLT			269,310
Ending Fund Balance			**23,014,213**
Strategic Goal			**14,929,886**
Available for Strategy Goal			17,730,849
Excess (Gap)			**2,800,963**

Metropolitan Exposition-Recreation Commission

MERC Statement of Activity with Annual Budget

Portland Exposition Center

January 2011

-

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	2010-11 Adopted Budget	% of Annual Budget
	January-11	January-11	January-10		January-11	59%
Operating						
Revenue	446,474	1,889,733	1,968,617	96%	3,766,945	50%
Revenue - Food and Beverage	224,945	669,940	736,587	91%	1,934,927	35%
Total Operating Revenue	**671,419**	**2,559,673**	**2,705,204**	**95%**	**5,701,872**	**45%**
Costs - Food and Beverage	218,367	671,613	625,693	107%	1,473,430	46%
Personal Services	125,825	804,432	804,105	100%	1,501,164	54%
Goods & Services	146,527	564,540	547,299	103%	1,430,635	39%
Total Operating Expenses	**490,719**	**2,040,585**	**1,977,097**	**103%**	**4,405,229**	**46%**
Net Operating Results Inc (Dec)	**180,700**	**519,088**	**728,107**	**71%**	**1,296,643**	**40%**
Non Operating						
Non-Operating Revenue	1,730	11,889	12,164	98%	53,932	22%
Non-Operating Expense	-	-	-	-	-	-
	1,730	**11,889**	**12,164**	**98%**	**53,932**	**22%**
Support and Risk Management						
MERC Administration	20,315	142,202	177,746	80%	243,775	58%
Metro Support Services	14,949	104,643	118,279	88%	179,387	58%
Metro Risk Management	12,507	62,533	58,954	106%	75,038	83%
	47,771	**309,378**	**354,979**	**87%**	**498,200**	**62%**
Net Increase (Decrease)	**134,659**	**221,598**	**385,293**	**58%**	**852,375**	**26%**
Transfers						
Transfers from	-	-	-	-	-	-
Debt Service	-	913,316	900,316	101%	1,189,132	77%
Net Transfers	**-**	**913,316**	**900,316**	**101%**	**1,189,132**	**77%**
Net Operations	**134,659**	**(691,718)**	**(515,023)**	**134%**	**(336,757)**	**205%**
Capital						
Capital Outlay Expense	119,323	300,501	58,146	517%	492,000	61%
Non-Operating Revenue	-	-	325,000	0%	-	-
Net Capital	**(119,323)**	**(300,501)**	**266,854**	**-113%**	**(492,000)**	**61%**
Fund Balance Inc (Dec)	**15,336**	**(992,219)**	**(248,169)**	**400%**	**(828,757)**	**120%**
Food and Beverage Gross Margin	**443,312**	**1,341,553**	**1,362,281**		**3,408,357**	**39%**
Food and Beverage Gross Margin %	**2.9%**	**-0.2%**	**15.1%**		**23.9%**	
Full Time Employees					**13.3**	
Excise Tax	**(43,578)**	**(133,813)**	**(159,345)**		**-**	
Fund Balance						
Beginning Fund Balance		5,644,984	5,745,316		5,644,984	
Fund Balance Inc (Dec)		(992,219)	(248,169)		(828,757)	
Ending Fund Balance		**4,652,765**	**5,497,147**		**4,816,227**	
Unrestricted Fund Balance					3,070,720	
Contingency					250,000	
Contingency for Renewal & Replacement					20,000	
Designated for Renewal & Replacement					60,000	
Designated for Phase 3					1,237,232	
Contingency for HQH (PERS Rsvr - Prior)					-	
Designated for PERS Reserve - Current					30,056	
Designated for PERS Reserve - Prior					148,219	
Ending Fund Balance					**4,816,227**	
					-	
Strategic Goal (6 mo, debt)					**3,391,747**	
Available for Strategy Goal					3,340,720	
Excess (Gap)					**(51,027)**	

Metropolitan Exposition-Recreation Commission

MERC Statement of Activity with Annual Budget

Oregon Convention Center

January 2011

	Current Month Actual	Excluding HQH Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	2010-11 Adopted Budget	% of Annual Budget
	January-11	January-11	January-10		January-11	59%
Operating						
Revenue	829,709	4,644,735	4,064,087	114%	7,900,301	59%
Revenue - Food and Beverage	603,503	5,458,006	4,919,284	111%	8,412,150	65%
Total Operating Revenue	**1,433,212**	**10,102,741**	**8,983,371**	**112%**	**16,312,451**	**62%**
Costs - Food and Beverage	537,470	4,423,100	4,170,722	106%	6,679,602	66%
Personal Services	798,129	5,190,668	4,901,813	106%	8,923,956	58%
Goods & Services	215,874	1,845,960	1,882,653	98%	3,736,343	49%
Marketing POVA	218,280	1,527,960	1,552,961	98%	3,037,090	50%
Total Operating Expenses	**1,769,754**	**12,987,689**	**12,508,149**	**104%**	**22,376,991**	**58%**
Net Operating Results Inc (Dec)	**(336,543)**	**(2,884,948)**	**(3,524,777)**	**82%**	**(6,064,540)**	**48%**
Non Operating						
Transient, Lodging Tax	105,512	3,638,988	2,719,203	134%	8,700,202	42%
Non-Operating Revenue	3,700	24,316	50,840	48%	99,351	24%
Non-Operating Expense	-	-	3	0%	-	-
	109,213	**3,663,303**	**2,770,040**	**132%**	**8,799,553**	**42%**
Support and Risk Management						
MERC Administration	126,402	884,813	959,829	92%	1,516,822	58%
Metro Support Services	93,015	651,105	638,708	102%	1,116,184	58%
Metro Risk Management	47,270	236,352	229,195	103%	283,621	83%
	266,687	**1,772,270**	**1,827,732**	**97%**	**2,916,627**	**61%**
Net Increase (Decrease)	**(494,017)**	**(993,914)**	**(2,582,469)**	**38%**	**(181,614)**	**547%**
Transfers						
Transfers from	-	-	-	-	-	-
Debt Service	-	-	139,620	0%	-	-
Net Transfers	**-**	**-**	**139,620**	**0%**	**-**	-
Net Operations	**(494,017)**	**(993,914)**	**(2,722,090)**	**-63%**	**(181,614)**	**547%**
				-		
Capital				-		-
Capital Outlay Expense	375,552	1,056,960	464,189	228%	3,638,105	29%
Non-Operating Revenue		31,520	1,351,500	2%	626,291	5%
Transfers from	-	-	-	-	475,000	0%
Net Capital	**(344,032)**	**(1,025,440)**	**887,311**	**-116%**	**(2,536,814)**	**40%**
Fund Balance Inc (Dec)	**(838,049)**	**(2,019,354)**	**(1,834,779)**	**110%**	**(2,718,428)**	**74%**
Food and Beverage Gross Margin	**1,140,973**	**9,881,106**	**9,090,006**		**15,091,752**	**65%**
Food and Beverage Gross Margin %	**10.9%**	**19.0%**	**15.2%**		**20.6%**	
Full Time Employees					**110.3**	
Excise Tax	**(88,634)**	**(608,542)**	**(546,054)**		**-**	
Taxes as percent of revenue	**7%**	**26%**	**23%**		**35%**	
Fund Balance						
Beginning Fund Balance		11,426,052	10,870,137		11,426,052	
Fund Balance Inc (Dec)		(2,019,354)	(1,834,779)		(2,718,428)	
Fund Balance Inc (Dec) for HQH		-	(4,750)		-	
Ending Fund Balance		**9,406,698**	**9,030,608**		**8,707,624**	
Unrestricted Fund Balance					5,378,811	
Contingency					1,066,623	
Contingency for Renewal & Replacement					250,000	
Designated for Renewal & Replacement					725,000	
Contingency for HQH					-	
Contingency for HQH (PERS Rsvr - Prior)					-	
Designated for PERS Reserve - Current					182,678	
Designated for PERS Reserve - Prior					835,202	
Restricted by Contract - Aramark						
Restricted by Agreement - TLT					269,310	
Ending Fund Balance					**8,707,624**	
					-	
Strategic Goal (3 mo)					**5,594,248**	
Available for Strategy Goal					6,695,434	
Excess (Gap)					**1,101,186**	

Metropolitan Exposition-Recreation Commission

MERC Statement of Activity with Annual Budget

Portland Center for the Performing Arts

January 2011

	Current Month Actual January-11	Current Year to Date Actual January-11	Prior Year to Date Actual January-10	% of Prior Year	2010-11 Adopted Budget January-11	% of Annual Budget 59%
Operating						
Revenue	545,098	3,359,083	2,793,029	120%	6,781,123	50%
Revenue - Food and Beverage	83,043	1,035,903	1,121,228	92%	1,466,639	71%
Total Operating Revenue	**628,141**	**4,394,986**	**3,914,257**	**112%**	**8,247,762**	**53%**
Costs - Food and Beverage	99,005	901,748	969,978	93%	1,269,609	71%
Personal Services	438,557	3,059,585	2,876,931	106%	5,606,405	55%
Goods & Services	141,008	985,325	1,266,240	78%	2,345,518	42%
Total Operating Expenses	**678,570**	**4,946,658**	**5,113,149**	**97%**	**9,221,532**	**54%**
Net Operating Results Inc (Dec)	**(50,429)**	**(551,672)**	**(1,198,892)**	**46%**	**(973,770)**	**57%**
Non Operating						
Transient, Lodging Tax	12,592	434,274	461,687	94%	1,858,351	23%
Government Support City of Portland	-	-	-	-	756,907	0%
Non-Operating Revenue	32,759	62,969	41,414	152%	117,851	53%
Non-Operating Expense	-	-	2,500	0%	2,500	0%
	45,351	**497,243**	**500,601**	**99%**	**2,730,609**	**18%**
Support and Risk Management						
MERC Administration	79,001	553,008	639,886	86%	948,014	58%
Metro Support Services	58,135	406,945	425,810	96%	697,615	58%
Metro Risk Management	23,442	117,212	118,996	99%	140,652	83%
	160,578	**1,077,165**	**1,184,692**	**91%**	**1,786,281**	**60%**
Net Increase (Decrease)	**(165,657)**	**(1,131,594)**	**(1,882,983)**	**60%**	**(29,442)**	**3843%**
Transfers						
Transfers from	-	-	-	-	-	-
Net Transfers	**-**	**-**	**-**	-	**-**	**-**
Net Operations	**(165,657)**	**(1,131,594)**	**(1,882,983)**	**60%**	**(29,442)**	**3843%**
Capital						
Revenue	-	-	-	-	-	-
Capital Outlay Expense	5,961	183,505	218,226	84%	967,000	19%
Construction Management Expense	-	-	-	-	-	-
Goods & Services Expense	-	-	-	-	-	-
Non-Operating Revenue	(29,324)	-	541,925	0%	468,301	0%
Non-Operating Expense	-	-	-	-	-	-
Intrafund Transfers	-	-	-	-	-	-
Transfers to	-	-	-	-	-	-
Transfers from	-	-	-	-	-	-
Net Capital	**(35,285)**	**(183,505)**	**323,699**	**-57%**	**(498,699)**	**37%**
Fund Balance Inc (Dec)	**(200,942)**	**(1,315,099)**	**(1,559,284)**	**84%**	**(528,141)**	**249%**
Food and Beverage Gross Margin	**182,048**	**1,937,650**	**2,091,206**		**2,736,248**	**71%**
Food and Beverage Gross Margin %	**-19.2%**	**13.0%**	**13.5%**		**13.4%**	
Full Time Employees					**46.4**	
Taxes as percent of revenue	**2%**	**9%**	**11%**		**18%**	
Fund Balance						
Beginning Fund Balance		9,016,013	9,045,395		9,016,013	
Fund Balance Inc (Dec)		(1,315,099)	(1,559,284)		(528,141)	
Ending Fund Balance		**7,700,914**	**7,486,111**		**8,487,872**	
Unrestricted Fund Balance					6,399,998	
Contingency					471,840	
Contingency for Renewal & Replacement					-	
Designated for Renewal & Replacement					1,000,000	
Contingency for HQH (PERS Rsvr)					-	
Designated for PERS Reserve - Current					105,401	
Designated for PERS Reserve - Prior					510,633	
Ending Fund Balance					**8,487,872**	
Strategic Goal (6 mo)					**4,612,016**	
Available for Strategy Goal					6,871,838	
Excess (Gap)					**2,259,822**	

Metropolitan Exposition-Recreation Commission

MERC Statement of Activity with Annual Budget

MERC Administration

January 2011

	Current Month Actual	Current Year to Date Actual	Prior Year to Date Actual	% of Prior Year	2010-11 Adopted Budget	% of Annual Budget
	January-11	January-11	January-10		January-11	59%
Operating						
Revenue	618	6,141	10,647	58%	33,500	18%
Personal Services	155,243	1,110,308	1,080,551	103%	1,958,151	57%
Goods & Services	17,095	182,178	259,815	70%	705,599	26%
Net Operating Results Inc (Dec)	**(171,720)**	**(1,286,346)**	**(1,329,720)**	**97%**	**(2,630,250)**	**49%**
Non Operating						
Non-Operating Revenue	306	4,688	16,204	29%	23,639	20%
Non-Operating Expense	-	-	-	-	-	-
	306	**4,688**	**16,204**	**29%**	**23,639**	**20%**
Support and Risk Management						
MERC Administration	225,718	1,580,023	1,777,460	89%	2,708,611	58%
	225,718	**1,580,023**	**1,777,460**	**89%**	**2,708,611**	**58%**
Net Increase (Decrease)	**54,303**	**298,366**	**463,945**	**64%**	**102,000**	**293%**
Transfers						
Net Transfers	-	-	-	-	-	-
Net Operations	**54,303**	**298,366**	**463,945**	**64%**	**102,000**	**293%**
Capital						
Capital Outlay Expense	-	-	100,669	0%	102,000	0%
Non-Operating Revenue	-	-	-	-	-	-
Net Capital	**-**	**-**	**(100,669)**	**0%**	**(102,000)**	**0%**
Fund Balance Inc (Dec)	**54,303**	**298,366**	**363,276**	**82%**	**-**	**-**
Full Time Employees					**20.0**	
Excise Tax	**(46)**	**(46)**	**(626)**		**-**	
Fund Balance						
Beginning Fund Balance		1,002,490	958,388		1,002,490	
Fund Balance Inc (Dec)		298,366	363,276		-	
Ending Fund Balance		**1,300,856**	**1,321,664**		**1,002,490**	
Unrestricted Fund Balance					697,857	
Contingency					125,000	
Contingency for HQH (PERS Rsvr - Prior)					-	
Designated for PERS Reserve - Current					42,142	
Designated for PERS Reserve - Prior					137,491	
Ending Fund Balance					**1,002,490**	
					-	
Strategic Goal (6 mo)					**1,331,875**	
Available for Strategy Goal					822,857	
Excess (Gap)					**(509,018)**	

MERC Commission Meeting

March 2, 2011
12:30 pm

5.0 - Venue Business Reports

OCC Event Analysis Revenue Report January 2011

Event Name	Start Date	Actual Attend	Event Rank	Event Type	Event Class	Event Indicator	Occupied Sq Feet	Event Days	In/Out Days	Travel Portland	OCC Actual Adver	OCC Actual Catering	OCC Actual Concess	OCC Actual Parking	OCC Actual Eq Rental	OCC Actual AV Eqip	OCC Actual Utilities	OCC Actual Phone	OCC Actual Booth Carpet Cln	OCC Actual Box Office	OCC Actual Misc	OCC Actual Rent	OCC Actual Labor	OCC Actual Total
OCC JAN 2011 MISC NON-EVENT ACTIVITIES/BILLINGS	01/01/11	1	Accounting/Non-Event	Accounting/Non-event	Accounting/Non-Event		0	31	0		$0	$495	$48	$145,128	$0	$0	$0	$0	$0	$243	$2,556	$0	$0	$148,471
Build, Remodel & Landscape Show	01/07/11	8,304	New	Consumer/Public Show	Consumer Public	Local	370,884	3	3		$0	$0	$0	$0	$0	$220	$9,481	$275	$0	$407	$550	$23,450	$3,850	$38,233
Site Visit for American Industrial Hygiene Association	01/05/11	10	In-house	Meeting/Seminar	In-house		0	2	0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DSS new hire orientation	01/05/11	15	In-house	Training	In-house	Local	1,228	1	0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
OSCPA: State and Local Tax Conference	01/07/11	180	Repeat	Meeting/Seminar	Meeting	State	21,800	1	1		$0	$6,641	$0	$820	$0	$1,538	$83	$415	$0	$0	$1,579	$3,000	$555	$14,630
Aloha Portland Championships 2011	01/08/11	1,004	New	Competition	Consumer Public	Local	120,000	1	1		$0	$352	$0	$0	$1,176	$0	$790	$142	$0	$205	$550	$6,500	$981	$10,696
Spiritual Awakening Crusade	01/08/11	60	Repeat	Meeting/Seminar	Meeting	Local	4,700	1	0		$0	$0	$0	$0	$0	$0	$150	$0	$0	$0	-$58	$900	$0	$992
Western Winter Sports Reps Association 2011	01/10/11	500	Repeat	Retail	Convention w/ Tradeshow	Local	546,000	4	2		$0	$4,289	$559	$0	$4,258	$0	$8,636	$0	$0	$0	$1,177	$43,268	$663	$62,849
Inhouse: Classic Wines Tasting	01/11/11	5	In-house	Tasting	In-house		0	1	0		$0	$70	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$70
Tasting: Planned Parenthood	01/11/11	4	In-house	Tasting	Miscellaneous/Other		0	1	0		$0	$136	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$136
MERC Budget Committee Meeting	01/11/11	18	In-house	Meeting/Seminar	In-house	Local	0	1	0		$0	$120	$0	$0	$0	$0	$0	$0	$0	$0	$180	$0	$0	$300
Convention Sales Partnership Session - sponsored by Travel Portland	01/11/11	65	New	Meeting/Seminar	Meeting		4,105	1	0	TRUE	$0	$1,167	$0	$0	$0	$594	$0	$0	$0	$0	$88	$0	$0	$1,849
Metro Council Retreat	01/12/11	0	In-house	Meeting/Seminar	Meeting	Local	0	1	0		$0	$57	$0	$0	$0	$0	$0	$0	$0	$0	$36	$0	$0	$93
OCC Winter Open House & Tasting	01/13/11	103	In-house	Tasting	In-house	Local	38,400	1	1		$0	$2,405	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,405
2011 NW Food Manufacturing & Packaging Expo	01/17/11	0	Repeat	Annual Convention/Conference	Convention w/ Tradeshow	Regional	786,330	3	5		$0	$69,534	$181	$0	$300	$22,878	$53,083	$4,269	$7,231	$0	$15,250	$43,704	$10,175	$226,605
2011 Portland Bridal Show	01/15/11	7,311	Repeat	Consumer/Public Show	Convention w/ Tradeshow		247,220	2	2		$0	$402	$0	$0	$120	$110	$15,911	$0	$0	$610	$1,100	$13,394	$5,109	$36,757
Soroptimists Northwest Coalition Against Trafficking	01/15/11	327	New	Annual Convention/Conference	Meeting	Regional	28,923	1	1		$0	$13,339	$0	$0	$435	$1,263	$332	$99	$0	$0	$1,665	$4,450	$0	$21,583

OCC Event Analysis Revenue Report January 2011

Event Name	Start Date	Actual Attend	Event Rank	Event Type	Event Class	Event Indicator	Occupied Sq Feet	Event Days	In/Out Days	Travel Portland	OCC Actual Adver	OCC Actual Catering	OCC Actual Concess	OCC Actual Parking	OCC Actual Eq Rental	OCC Actual AV Eqip	OCC Actual Utilities	OCC Actual Phone	OCC Actual Booth Carpet Cln	OCC Actual Box Office	OCC Actual Misc	OCC Actual Rent	OCC Actual Labor	OCC Actual Total
Jesuit High School Father/Daughter Dinner Dance	01/15/11	672	Repeat	Dinner	Food & Beverage/Catering	Local	17,100	1	0		$0	$23,402	$0	$0	$600	$25	$408	$0	$0	$0	$165	$0	$0	$24,600
Plumbers & Steamfitters Local 290 - Preliminary Contract Meeting	01/15/11	275	Repeat	Meeting/Seminar	Meeting	Local	5,670	1	0		$0	$481	$0	$0	$0	$595	$83	$0	$0	$0	$1,380	$1,800	$0	$4,339
25th Annual Martin Luther King Jr Prayer Breakfast	01/16/11	785	Repeat	Breakfast	Food & Beverage/Catering		50,400	2	0		$0	$18,860	$0	$0	$120	$4,675	$218	$315	$0	$0	$390	$1,400	$979	$26,957
OSU National Merit Semi-Finalist Recognition	01/18/11	45	Repeat	Reception	Food & Beverage/Catering		2,346	1	0		$0	$1,789	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$200	$1,989
MERC/Aramark Accounting Meeting	01/18/11	10	In-house	Meeting/Seminar	In-house	Local	0	1	0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Bargreen Ellingson: Annual Sales Meeting	01/19/11	1,350	New	Trade Show	Meeting	Regional	232,542	4	1		$0	$52,438	$0	$1,017	$0	$7,056	$4,789	$750	$922	$0	$7,178	$9,750	$2,339	$86,239
ChocolateFest	01/21/11	6,451	New	Consumer/Public Show	Consumer Public	Local	177,522	3	2		$0	$1,518	$455	$0	$0	$0	$2,631	$825	$112	$1,658	$509	$10,315	$4,843	$22,866
Cambridge Real Estate Services Symposium	01/19/11	95	New	Meeting/Seminar	Meeting	Local	10,674	3	0		$0	$15,829	$0	$776	$0	$126	$368	$0	$0	$0	$330	$1,500	$100	$19,029
OSCPA: Federal Tax Update by Biebl and Ranweiler - Portland	01/19/11	524	Repeat	Meeting/Seminar	Meeting	State	40,068	1	0		$0	$19,393	$0	$1,975	$60	$2,170	$616	$0	$0	$0	$6,551	$5,250	$578	$36,592
US Bank All Employee Meeting	01/20/11	2,000	Repeat	Reception	Meeting	Local	34,200	1	0		$0	$42,592	$0	$3,885	$0	$8,520	$0	$275	$0	$0	$4,325	$0	$1,010	$60,607
Oregon Society of Certified Public Accountants - New Tax Law	01/20/11	24	Repeat	Meeting/Seminar	Meeting	State	1,158	1	0		$0	$192	$0	$50	$30	$62	$0	$0	$0	$0	$180	$360	$0	$874
Primerica Northwest Convention - 2011	01/21/11	700	Repeat	Lecture/Speaker Series	Meeting	Regional	25,200	2	0		$0	$9,378	$0	$0	$135	$1,770	$353	$0	$0	$0	$165	$4,250	$797	$16,848
CASA for Children Benefit Auction	01/22/11	438	Repeat	Auction	Food & Beverage/Catering		51,300	1	1		$0	$37,022	$336	$798	$698	$3,515	$1,278	$0	$0	$0	$270	$3,650	$2,080	$49,646
OCC and Travel Portland Sales Meeting	01/21/11	0	In-house	Lunch	Meeting	Local	0	1	0		$0	$141	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$141
Auto Show Pre-Con -- In House	01/24/11	0	In-house	Accounting/Non-event	In-house		0	1	0		$0	$12	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$12

OCC Event Analysis Revenue Report January 2011

Event Name	Start Date	Actual Attend	Event Rank	Event Type	Event Class	Event Indicator	Occupied Sq Feet	Event Days	In/Out Days	Travel Portland	OCC Actual Adver	OCC Actual Catering	OCC Actual Concess	OCC Actual Parking	OCC Actual Eq Rental	OCC Actual AV Eqip	OCC Actual Utilities	OCC Actual Phone	OCC Actual Booth Carpet Cln	OCC Actual Box Office	OCC Actual Misc	OCC Actual Rent	OCC Actual Labor	OCC Actual Total
OSCPA: Winter Governmental Auditors Conference	01/24/11	73	New	Meeting/Seminar	Meeting	State	8,700	1	0		$0	$2,917	$0	$220	$0	$1,565	$83	$415	$0	$0	$724	$1,075	$596	$7,594
The Green Professionals Conference 2011	01/25/11	650	New	Annual Convention/Conference	Meeting	Local	54,631	2	0		$0	$15,221	$0	$0	$0	$2,778	$1,012	$600	$0	$0	$2,930	$5,513	$300	$28,354
Planned Parenthood Columbia Willamette 2011 Annual Luncheon, Provide, Promote, Protect	01/27/11	881	New	Lunch	Food & Beverage/Catering	Local	25,500	1	0		$0	$27,000	$0	$0	$0	$125	$1,080	$0	$0	$0	$165	$0	$0	$28,370
Totals		32,880					2,906,601															$183,529		$980,726

OCC Event Analysis Monthly Revenue Report January 2010 Historical Comparison

Event Name	Start Date	Actual Attend	Event Rank	Event Type	Event Class	Event Indicator	Occupied Sq Feet	Event Days	In/Out Days	Travel Portland	OCC Actual Adver	OCC Actual Catering	OCC Actual Concess	OCC Actual Parking	OCC Actual Eq Rental	OCC Actual AV Eqip	OCC Actual Utilities	OCC Actual Phone	OCC Actual Booth Carpet Cln	OCC Actual Box Office	OCC Actual Misc	OCC Actual Rent	OCC Actual Labor	OCC Actual Total
OCC JAN 2010 MISC NON-EVENT ACTIVITIES/BILLINGS	01/01/10	1	Accounting/Non-Event	Accounting/Non-event	Accounting/Non-Event		0	31	0		$0	$255	$11,671	$80,408	$401	$0	$0	$0	$0	$0	$3,338	$0	$0	$96,074
Build, Remodel & Landscape Show	01/08/10	3,122	New	Consumer/Public Show	Consumer Public	Local	370,884	3	3		$0	$0	$9,864	$1	$0	$0	$8,446	$225	$51	$503	$550	$22,225	$4,320	$46,184
MERC Commission Meeting	01/06/10	400	In-house	Meeting/Seminar	In-house	Local	2,346	1	0		$0	$400	$0	$0	$0	$0	$0	$0	$0	$0	$50	$0	$0	$450
OSCPA: State and Local Tax Conference	01/08/10	202	Repeat	Meeting/Seminar	Meeting	State	26,000	1	1		$0	$7,810	$0	$1,240	$0	$2,126	$79	$415	$0	$0	$2,028	$2,300	$701	$16,700
Aloha Portland Championships 2010	01/09/10	1,039	New	Competition	Consumer Public	Local	120,000	1	1		$0	$557	$4,805	$0	$846	$0	$809	$0	$0	$194	$550	$6,000	$850	$14,610
Western Winter Sports Reps Association 2010	01/11/10	350	Repeat	Retail	Convention w/ Tradeshow	Local	305,000	4	1		$0	$0	$6,551	$0	$2,728	$0	$2,925	$0	$0	$0	$991	$30,527	$272	$43,994
MERC/Aramark	01/11/10	35	In-house	Meeting/Seminar	In-house	Local	4,158	3	0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
MERC Commission Budget Committee Meeting	01/11/10	20	In-house	Meeting/Seminar	In-house	Local	0	1	0		$0	$257	$0	$0	$0	$0	$0	$0	$0	$0	$67	$0	$0	$324
Thank you SC 09!!	01/12/10	25	In-house	Reception	Food & Beverage/Catering	Local	0	1	0		$0	$470	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$470
ARAMARK Contract Negotiations	01/14/10	50	In-house	Meeting/Seminar	In-house	Local	2,754	2	1		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2010 Portland Bridal Show	01/16/10	6,700	Repeat	Consumer/Public Show	Convention w/ Tradeshow	Local	307,220	2	3		$0	$626	$19,408	$0	$120	$110	$15,263	$198	$393	$829	$0	$12,357	$5,983	$55,289
US Bank All Employee Meeting	01/14/10	1,800	Repeat	Reception	Meeting	Local	25,500	1	0		$0	$37,731	$0	$3,054	$0	$8,195	$0	$275	$0	$0	$4,055	$0	$832	$54,142
2010 NW Food Manufacturing & Packaging Expo	01/18/10	3,656	Repeat	Annual Convention/Conference	Convention w/ Tradeshow	Regional	1,018,630	3	5	TRUE	$0	$61,843	$17,750	$0	$120	$25,966	$53,801	$5,001	$8,248	$0	$10,599	$44,682	$9,321	$237,331
39th Annual Estate Planning Seminar	01/15/10	426	Repeat	Meeting/Seminar	Meeting	Local	34,700	1	1		$0	$26,190	$0	$0	$0	$4,009	$1,027	$0	$0	$0	$1,867	$4,900	$300	$38,293
Jesuit High School Father/Daughter Dinner Dance	01/16/10	670	Repeat	Dinner	Food & Beverage/Catering	Local	17,100	1	0		$0	$24,492	$0	$0	$660	$25	$309	$0	$0	$0	$165	$0	$0	$25,651
24th Annual Martin Luther King Jr Prayer Breakfast	01/18/10	900	Repeat	Breakfast	Food & Beverage/Catering	Local	50,400	1	1		$0	$23,307	$134	$0	$135	$4,415	$208	$0	$0	$0	$501	$1,400	$979	$31,079
OSCPA: Federal Tax Update by Biebl and Ranweiler - Portland	01/19/10	470	Repeat	Meeting/Seminar	Meeting	State	40,068	1	0		$0	$17,366	$0	$1,848	$0	$2,170	$0	$0	$0	$0	$4,953	$4,800	$578	$31,715
Client Tasting - Oregon League of Conservation Voters	01/19/10	2	In-house	Tasting	In-house	Local	0	1	0		$0	$53	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$53

OCC Event Analysis Monthly Revenue Report January 2010 Historical Comparison

Event Name	Start Date	Actual Attend	Event Rank	Event Type	Event Class	Event Indicator	Occupied Sq Feet	Event Days	In/Out Days	Travel Portland	OCC Actual Adver	OCC Actual Catering	OCC Actual Concess	OCC Actual Parking	OCC Actual Eq Rental	OCC Actual AV Eqip	OCC Actual Utilities	OCC Actual Phone	OCC Actual Booth Carpet Cln	OCC Actual Box Office	OCC Actual Misc	OCC Actual Rent	OCC Actual Labor	OCC Actual Total
Del Monte Steering Team Committee	01/19/10	15	New	Meeting/Seminar	Meeting	Local	1,566	2	0		$0	$481	$0	$0	$0	$800	$0	$0	$0	$0	$126	$240	$0	$1,647
Verizon Wireless 2010 Kick Off	01/22/10	275	New	Meeting/Seminar	Meeting	Regional	17,110	1	1		$0	$6,930	$0	$1,400	$210	$0	$1,733	$0	$0	$0	$1,092	$1,100	$0	$12,465
Oregon Convention Center presents: Winter Tasting	01/21/10	106	Repeat	Lunch	In-house	Local	1,377	1	0		$0	$10,990	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,990
OSCPA: Winter Governmental Auditors Conference	01/22/10	97	New	Meeting/Seminar	Meeting	State	6,451	1	0		$0	$3,772	$0	$408	$0	$636	$79	$0	$0	$0	$828	$956	$0	$6,679
Primerica Northwest Convention - 2010	01/22/10	753	Repeat	Lecture/Speaker Series	Meeting	Regional	50,400	2	0		$0	$11,754	$1,289	$0	$180	$2,170	$258	$0	$0	$0	$165	$7,400	$830	$24,046
CASA for Children Benefit Auction	01/23/10	590	Repeat	Auction	Food & Beverage/Catering	Local	42,900	1	1		$0	$44,546	$1,518	$786	$578	$3,635	$3,431	$0	$0	$0	$527	$600	$1,504	$57,124
2010 Portland International Auto Show	01/28/10	45,620	Repeat	Exhibits	Consumer Public	Local	3,531,504	4	7		$0	$44,550	$82,049	$2,137	$0	$17,275	$29,446	$9,015	$22,369	$5,758	$8,011	$170,246	$37,180	$428,036
Auto Show Pre-Con -- In House	01/25/10	18	In-house	Accounting/Non-event	In-house	Local	0	1	0		$0	$37	$0	$0	$0	$0	$0	$0	$0	$0	$59	$0	$0	$95
Metro All Staff Meeting	01/26/10	220	Repeat	Meeting/Seminar	Meeting	Local	8,200	1	0		$0	$0	$0	$0	$0	$614	$0	$0	$0	$0	$0	$800	$0	$1,414
Inhouse: Classic Wine Auction Tasting	01/27/10	8	In-house	Tasting	In-house	Local	0	2	0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
YGP Pre-Con -- In House	01/28/10	15	In-house	Accounting/Non-event	In-house	Local	0	1	0		$0	$35	$0	$0	$0	$0	$0	$0	$0	$0	$59	$0	$0	$94
Totals		67,585					5,984,268															$310,534		$1,234,951

PCPA MONTHLY ANALYSIS **JANUARY 2011**

FACILITY NAME	DATE	PRESENTER	EVENT	LOAD-IN/ LOAD-OUT DARK DAYS	NO. OF PERF.	TOTAL ATTEND.	PAID ATTEND.	% SOLD	GROSS TICKET SALES	RENT	CHARGES & REIMBURSE.	USER'S FEE	SOUVEN.	GROSS FOOD & BEV.	GROSS REVENUE EARNED
KELLER	12/28 to 1/2	Broadway Across America	Hair	0	7	14,633	15,182	73%	$721,786	$33,645	$39,082	$53,137	$3,381	$32,935	$162,180
	1/7 to 9	New Epoch Culture Center	Shen Yun	0	3	1,657	1,345	15%	$120,138	$9,225	$15,634	$6,800	$227	$3,791	$35,677
	1/11	Film for Thought	Hood to Coast Film Premiere	0	1	1,602	1,600	54%	$53,819	$3,996	$11,937	$3,973	$466	$4,309	$24,681
	1/13	Tix Productions	Grease	0	1	2,575	2,585	87%	$127,855	$8,500	$19,117	$7,455	$548	$6,364	$41,984
ASCH	1/8	Oregon Symphony	Joan Rivers	1	1	2,192	2,096	75%	$99,790	$1,150	$6,319	$2,096	$66	$4,571	$14,202
	1/9	Oregon Symphony	Kids 2 Happy Trails	0	1	1,742	1,952	70%	$34,375	$540	$3,654	$1,952	$0	$406	$6,552
	1/10 to 17	Oregon Symphony	Emanuel Ax Plays Brahms	4	3	5,070	5,314	64%	$210,621	$3,450	$16,238	$5,314	$423	$4,881	$30,306
	1/18	Oregon Symphony	Tango Buenos Aires	0	1	1,827	1,830	66%	$75,144	$3,340	$7,586	$4,253	$0	$3,205	$18,384
	1/20	Oregon Symphony	Lang Lang in Recital	0	1	2,634	2,550	92%	$176,820	$8,341	$5,333	$10,008	$316	$2,359	$26,357
	1/21	World Affairs Council	General Stanley McChrystal	0	1	1,509	1,388	50%	$43,262	$3,340	$3,091	$3,323	$0	$1,241	$10,995
	1/19 to 23	Oregon Symphony	Pops 2 - Three Broadway Divas	3	2	3,758	3,613	65%	$144,896	$1,690	$10,021	$3,613	$308	$3,392	$19,024
	1/25	Portland Arts & Lectures	Elizabeth Strout	0	1	1,876	2,243	64%	$70,988	$1,855	$2,945	$5,631	$88	$1,101	$11,620
	1/28	Live Nation	Brian Regan	0	1	2,682	2,712	98%	$107,802	$8,136	$4,489	$6,102	$0	$4,785	$23,512
	1/26 to 31	Oregon Symphony	Classical 8 Percussion Spectacular	5	2	3,840	3,646	81%	$142,399	$3,040	$13,430	$3,646	$180	$3,974	$24,270
NEWMARK	1/12 to 15	White Bird	Doug Elkins & Co's Fraulein Maria	1	3	2,138	2,316	88%	$66,900	$2,270	$10,088	$4,700	$0	$579	$17,637
	1/16	Portland Piano International	Nareh Arghamanyan	0	1	534	565	64%	$18,951	$1,135	$1,715	$1,359	$116	$223	$4,548
WINNINGSTAD	1/4	Metro	Inauguration Ceremony	0	1	287	0		$0	$0	$200	$0	$0	$1,599	$1,799
	1/28 to 29	Standing Room Only	Emerge - Seven Women	0	2	240	239	41%	$15,186	$1,520	$3,470	$993	$155	see artbar	$6,138
A. HATFIELD HALL	1/5	Metro	Metro Retreat	0	1	15	0		$0	$0	$0	$0	$0	$395	$395
	1/10	PCPA Volunteers	Noontime Showcase Chinook Winds	0	1	76	0		$0	$0	$0	$0	$0	$28	$28
	1/20	PCPA	ArtSpark	0	1	170	0		$0	$0	$0	$0	$0	see artbar	$0
KELLER CAFÉ														$9,367	$9,367
ARTBAR														$12,952	$12,952
PCPA CATERING														$129	$129
		TOTALS		**14**	**36**	**51,057**	**51,176**	**67%**	**$2,230,732**	**$95,173**	**$174,349**	**$124,355**	**$6,274**	**$102,586**	**$502,737**

PCPA MONTHLY ANALYSIS **JANUARY 2010**

FACILITY NAME	DATE	PRESENTER	EVENT	LOAD-IN/ LOAD-OUT DARK DAYS	NO. OF PERF.	TOTAL ATTEND.	PAID ATTEND.	% SOLD	GROSS TICKET SALES	RENT	CHARGES & REIMBURSE.	USER'S FEE	SOUVEN.	GROSS FOOD & BEV.	GROSS REVENUE EARNED
KELLER	12/29 to 1/3	Broadway Across America	Rain - A Tribute to the Beatles	0	8	11,768	12,015	50%	$488,264	$26,020	$32,643	$39,049	$4,505	$33,218	$135,435
	1/11 to 1/17	Broadway Across America	Xanadu	0	8	11,638	11,956	50%	$509,223	$26,020	$33,169	$38,857	$1,723	$15,708	$115,477
	1/23	Tix Productions Inc.	The Pink Floyd Experience	0	1	1,678	1,674	56%	$54,280	$4,067	$10,898	$3,446	$514	$9,784	$28,709
	1/25	Tix Productions Inc.	Jesus Christ Superstar	0	1	1,637	1,637	55%	$74,584	$5,613	$19,056	$4,420	$564	$4,617	$34,270
ASCH	1/5	Portland Arts and Lectures	Christopher Hitchens	0	1	2,176	2,370	85%	$68,422	$1,855	$2,802	$5,373	$84	$1,192	$11,306
	1/7 to 11	Oregon Symphony	Classical 6	2	3	3,841	4,193	50%	$173,144	$2,895	$12,526	$2,097	$98	$4,420	$22,036
	1/16	Steve Litman Presents	Bill Cosby	0	2	4,085	4,069	73%	$223,950	$12,500	$8,197	$12,676	$0	$6,452	$39,825
	1/18 to 25	Oregon Symphony	Classical 7	3	3	3,538	3,703	45%	$153,170	$3,265	$12,892	$1,852	$138	$3,464	$21,611
	1/26 to 27	Oregon Symphony	Garrison Keillor	1	2	4,261	6,268	77%	$255,039	$12,030	$6,282	$14,435	$257	$3,794	$36,798
NEWMARK	1/13 to 16	Polaris Dance Theatre	iChange	3	2	652	509	39%	$11,927	$3,640	$10,512	$1,018	$0	$1,274	$16,444
	12/19 to 1/4	Pixie Dust Productions	Beauty & The Beast	14	12	7,729	6,520	62%	$289,100	$24,420	$39,236	$17,390	$0	$1,777	$82,823
WINNINGSTAD	1/25	Portland Community College	Step Afrika	0	1	265	309	100%	$10,285	$650	$929	$618	$0	$70	$2,267
	1/27	Metro	Training Session - Greg Bell	0	1	171	0		$0	$0	$0	$0	$0	$0	$0
BRUNISH HALL	1/2 to 24	Portland Songwriters Assoc.	Fighter Girl the Musical	10	6	461	277	31%	$7,223	$0	$3,558	$554	$0	$2,512	$6,624
A. HATFIELD HALL	1/11	PCPA Volunteers	Noontime Showcase-TOJ	0	1	171	0		$0	$0	$0	$0	$0	$47	$47
	1/21	PCPA	ArtSpark	0	1	141	0		$0	$0	$0	$0	$0	see artbar	$0
KELLER CAFÉ														$12,926	$12,926
ARTBAR														$13,817	$13,817
PCPA CATERING														$428	$428
		TOTALS		**33**	**53**	**54,212**	**55,500**	**59%**	**$2,318,611**	**$122,975**	**$192,700**	**$141,785**	**$7,883**	**$115,500**	**$580,843**

Expo Center Event Analysis

January 2011		Consumer	Trade	Misc.	Conv.	# of Events	Event Days	I/O Days	Use %	Attendance	Rental	Equipment	Concessions	West Delta Bar & Grill	Catering	Utilities	Parking	Total
Rose City Gun and Knife Show	8-9	1				1	2	2		5,410	7,800	375	7,446			688	20,853	37,162
2011 Portland Boat Show	12-16	1				1	5	7		12,966	64,970		39,910	13,358	15,232	7,780	59,232	200,482
Oregon State Marine Board	13			1		1	1			20	195				417			612
2011 Rose City Classic Dog Show	19-23	1				1	5	2		8,746	112,690	3,925	68,402	8,334	39,677	8,089	70,991	312,108
Northwest Agriculture Show	25-27	1				1	3	5		3,893	40,930		14,351	5,392	13,292	4,178	23,449	101,592
Oregon Association of Nurseries	26			1		1	1			45	350	65			190			605
Agri-Business Council of Oregon	27			1		1	1			70	585	215			1,852			2,652
Celebrate! Portland	29			1		1	1	1		1,290	8,650	4,273	11,712	1,140	3,866	90	5,292	35,023
		4		**4**		**8**	**19**	**17**	**57%**	**32,440**	**236,170**	**8,853**	**141,821**	**28,224**	**74,526**	**20,825**	**179,817**	**690,236**

FY 2010-11	Consumer	Trade	Misc.	Conv.	# of Events	Event Days	I/O Days	Use %	Attendance	Rental	Equipment	Concessions	West Delta Bar & Grill	Catering	Utilities	Parking	Total
July	3		5		7	17	8	28%	16,513	118,034	1,737	91,719		9,347	7,473	85,089	313,399
August	1		3		4	7	4	6%	7,214	28,005	500	22,606		4,113	942	28,634	84,800
September	6	1	2		10	20	17	36%	23,889	111,341	1,330	49,704		2,067	14,297	93,937	272,676
October	4	1	3		8	18	13	26%	27,975	117,013	1,848	85,233		26,417	29,769	139,856	400,136
November	5		2		7	18	14	51%	43,655	112,420	500	53,956		3,391	19,674	151,875	341,816
December	2		1		3	10	12	16%	35,738	84,150	4,953	128,843			11,158	153,155	382,259
January	**4**		**4**		**8**	**19**	**17**	**57%**	**32,440**	**236,170**	**8,853**	**141,821**	**28,224**	**74,526**	**20,825**	**179,817**	**690,236**
February																	0
March																	0
April																	0
May																	0
June																	0
Total to Date	25	2	20	0	47	109	85	31%	187,424	807,133	19,721	573,882	28,224	119,861	104,138	832,363	2,485,322
Month to Month Comparison	**-1**	**-1**	**-2**	**0**	**-4**	**-5**	**-1**	**2%**	**338**	**-4,105**	**-2,162**	**-29,890**	**28,224**	**-5,307**	**-1,540**	**17,988**	**3,208**
Year to Date Comparison	**-12**	**1**	**4**	**0**	**-8**	**-22**	**-20**	**-3%**	**-32,177**	**1,511**	**-3,622**	**-116,451**	**28,224**	**17,132**	**-17,108**	**-18,188**	**-108,502**

FY 2009-10	Consumer	Trade	Misc.	Conv.	# of Events	Event Days	I/O Days	Use %	Attendance	Rental	Equipment	Concessions	West Delta Bar & Grill	Catering	Utilities	Parking	Total
July	3				3	10	7	27%	17,662	88,958	1,375	100,895		5,000	9,689	87,906	293,823
August	4		1		5	10	8	12%	10,179	27,600	1,483	32,861			2,080	33,667	97,691
September	10		4		14	31	27	41%	30,039	136,994	3,106	81,530		5,349	29,648	134,313	390,940
October	5		5		11	24	18	32%	26,720	92,242	2,836	110,235		11,489	28,257	110,805	355,864
November	8				8	26	22	58%	69,085	142,143	1,903	65,784		1,058	18,552	184,705	414,145
December	2				2	6	5	16%	33,814	77,410	1,625	127,317			10,655	137,326	354,333
January	**5**	**1**	**6**		**12**	**24**	**18**	**55%**	**32,102**	**240,275**	**11,015**	**171,711**		**79,833**	**22,365**	**161,829**	**687,028**
February	6		3		9	22	22	62%	81,063	203,208	2,730	408,157		17,190	37,639	305,241	974,165
March	9		1		10	25	18	53%	47,929	161,608	2,261	121,293		14,978	26,209	167,759	494,108
April	9	1	1		10	20	22	50%	48,991	164,798	1,306	239,180		23,188	10,345	72,402	511,219
May	5	1	3		9	17	14	18%	12,069	68,031	3,153	27,891		61,840	7,422	49,446	217,783
June	1		4		5	7	6	11%	10,963	26,126	4,300	30,157		3,436	2,020	34,509	100,548
Total to Date	67	3	28		98	222	187	36%	420,616	1,429,393	37,093	1,517,011		223,361	204,881	1,479,908	4,891,647

MERC Commission Meeting

March 2, 2011
12:30 pm

8.0 - Consent Agenda

Metropolitan Exposition Recreation Commission
Record of MERC Commission Actions

February 8, 2011
Oregon Convention Center, Meeting Room B 111-12

Present:	Elisa Dozono (Chair), Judie Hammerstad, Ray Leary , Chris Erickson Karis Stoudamire-Phillips, Metro Councilor Rex Burkholder, Ex-officio
Absent:	Cynthia Haruyama (Excused), Terry Goldman (Excused)
	A regular meeting of the Metropolitan Exposition Recreation Commission was called to order by Chair Dozono at Oregon Convention Center, Meeting Room B 111-12 at 1:30 p.m.
1.0	**QUORUM CONFIRMED** A quorum of Commissioners was present.
2.0	**COMMISSIONER / EX OFFICIO COMMUNICATIONS** • Ex-officio Councilor Rex Burkholder was welcomed to the Commission as Ex-officio. • Commissioner Hammerstad commented favorably on the new food areas at the Keller Auditorium.
3.0	**MERC BUDGET COMMITTEE REPORT** • Commissioner Hammerstad provided an update on progress made by the MERC Budget committee. • Commissioner Erickson thanked Commissioner Hammerstad for her leadership as chair of the MERC Budget Committee and Michael Jordan, Metro COO, for his energy and thoughtfulness during this budget process.
4.0 **4.1**	**GENERAL MANAGER COMMUNICATIONS** • Teri Dresler provided general updates to the Commission **December 2010 Financial Report** • Commissioner Hammerstad asked that future financial reports be provided in color where applicable.
5.0	**OPPORTUNITY FOR PUBLIC COMMENT ON NON-AGENDA ITEMS** • None
6.0 **6.1** **6.2**	**ACTION AGENDA** **Resolution 11-03** for the purpose of selecting Pioneer Masonry Restoration Company for the Arlene Schnitzer Concert Hall, "Exterior Façade Improvement Project" and authorizing the General Manager to execute a contract with Pioneer Masonry Restoration Company. • A motion was made by Commissioner Erickson and seconded by Commissioner Chair Dozono to approve Resolution 11-03 as presented. **VOTING:** Aye: 5 (Dozono, Hammerstad, Leary ,Erickson, Stoudamire-Phillips) Nay: 0 Motion passed **Resolution 11-04** for the approval of the Expo Center Conditional Use Master Plan and authorizing staff to forward the plan to Metro Council for Council consideration and approval. • Commissioner Leary inquired about the impact of over lay zones. Kim Knox responded that these are currently in place in the City's zoning code. The environmental over lay zone does not impact the site. • Commissioner Leary inquired about the impact to parking capacity. Kim Knox responded that the number will stay the same based on the overall total impact anticipated in the next ten years. • Chair Dozono inquired about the storm water management plan. Chris Bailey responded that would be a part of the discovery process in the February 9 meeting with the City. • Commissioner Hammerstad inquired about the daily attendance account. Chris Bailey responded that the reference is per event day.

	• Councilor Burkholder inquired about the decision on the road to the south and if there was any effect if the City of Portland approves the master plan. Additional, he asked if this subject would be part of the discussion or considered separately. Cheryl Twete responded that these are two very separate public processes. • Councilor Burkholder noted he is representing Metro on the project group for the Columbia River Crossing Project. • Commissioner Leary inquired if the project is considered as a combination of restoration and new construction. Kim Knox responded that the master plan focuses on new construction. • A motion was made by Commissioner Erickson and seconded by Commissioner Leary to approve Resolution 11-04 as presented. **VOTING:** Aye: 5 (Dozono, Hammerstad, Leary ,Erickson, Stoudamire-Phillips) Nay: 0 Motion passed
7.0	**MERC VENUES BUSINESS REPORT** • Chris Bailey, Jeff Blosser and Robyn Williams provided business reports from their respective venues.
	The Commission meeting was adjourned at 2:37 pm

METROPOLITAN EXPOSITION RECREATION COMMISSION

RESOLUTION NO. 11-03

For the purpose of selecting Pioneer Masonry Restoration Company for the Arlene Schnitzer Concert Hall, "Exterior Façade Improvement Project" and authorizing the General Manager to execute a contract with Pioneer Masonry Restoration Company.

WHEREAS, the Portland Center for the Performing Arts must repair and restore the cast stone façade on the west and south exterior of the Arlene Schnitzer Concert Hall; and

WHEREAS, Section 4(D)(1)(a) of the Metropolitan Exposition Recreation Commission's ("the Commission") Contracting and Purchasing Rules, delegates authority to the General Manager to prepare and approve Request for Bids (RFB) documents and to solicit bids; and

WHEREAS, Section 4(D)(1)(c) of the Commission's Contracting and Purchasing Rules, requires the Commission to select the lowest responsive and responsible bidder, approve the contract award, and approve the written contract by resolution; and

WHEREAS, MERC staff has evaluated the bids, and Pioneer Masonry Restoration Company is the lowest responsive and responsible bidder.

BE IT THEREFORE RESOLVED as follows:

1. The Commission selects Pioneer Masonry Restoration Company as the lowest responsive and responsible bidder in response to the Request for Bids for the Portland Center for the Performing Arts – Arlene Schnitzer Concert Hall Exterior Façade Improvement Project.

2. The Commission approves the contract with Pioneer Masonry Restoration Company in the form substantially similar to the attached Exhibit A and authorizes the General Manager to execute the contract on behalf of the Commission.

Passed by the Commission on February 8, 2011.

Chair

Secretary/Treasurer

Approved As to Form:
Daniel B. Cooper, Metro Attorney

By: ______________________
Nathan A. Schwartz Sykes
Senior Attorney

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 11-04

Approval of the Expo Center Conditional Use Master Plan and authorizing staff to forward the plan to Metro Council for their consideration and approval.

WHEREAS, in 2000, the City of Portland conditioned the construction of Hall D Land Use Review decision to include applying for a Conditional Use Master Plan;

WHEREAS, an Expo Center Conditional Use Master Plan was approved by the City of Portland in June 2001 and it will expire in June 2011;

WHEREAS, the Commission authorized Shiels Obletz Johnson, Inc. to conduct Expo Center Conditional Use Master Plan consulting services and submit a Land Use Review Application in accordance with requirements established by the City of Portland, Bureau of Development Services;

WHEREAS, it is in the best interests of the Commission to have an approved Conditional Use Master Plan prior to the expiration of the current plan.

BE IT THEREFORE RESOLVED, that the Metropolitan Exposition-Recreation Commission:

1. Approves the Expo Center Conditional Use Master Plan and authorizes staff to forward the plan to Metro Council for their consideration and approval.

Passed by the Commission on February 8, 2011.

Chair

Secretary/Treasurer

Approved as to Form:
Daniel B. Cooper, Metro Attorney

By:
Nathan A. Schwartz, Senior Attorney

Metropolitan Exposition Recreation Commission
Record of MERC Commission Actions

January 5, 2011
Metro, Room 301

Present:	Elisa Dozono (Chair), Judie Hammerstad, Ray Leary, Terry Goldman, Chris Erickson, Cynthia Haruyama and Karis Stoudamire-Phillips
Absent:	None
	A regular meeting of the Metropolitan Exposition Recreation Commission was called to order by Chair Dozono at Metro in Room 301, at 12:30 p.m.
1.0	**QUORUM CONFIRMED** A quorum of Commissioners was present.
2.0	**COMMISSIONER / EX OFFICIO COMMUNICATIONS** • Chair Dozono congratulated Chris Erickson on his re-appointment as a MERC Commissioner.
3.0	**AFFIRMATIVE ACTION PLAN UTILIZATION AND AVAILABILITY REPORT** • Mary Rowe and Katy Barnett, Metro Human Resources, presented the Affirmative Action Program Utilization and Availability Analysis Report for Metro/MERC.
4.0	**REVIEW AMENDMENTS TO EXPO CENTER MASTER PLAN** • Chris Bailey introduced Cheryl Twete (Metro) and Kim Knox (SOJ) who provided a briefing on past work related to the Expo Center master plan as well as the Columbia River Crossing project and its potential benefits and impacts for the Expo Center. As well, the briefing included comparison information of the current and proposed master plans and potential new development during the next ten years. The briefing was concluded by noting next steps.
5.0	**KELLER AUDITORIUM CONCESSION UPGRADES** • Robyn Williams provided an overview of the Keller Auditorium concession upgrades.
6.0 **6.1**	**GENERAL MANAGER COMMUNIUCATIONS** • Teri Dresler reviewed upcoming January and February meeting dates with Commissioners. • Teri Dresler provided an update on two previously discussed pieces of legislation related to tourism. **November 2010 Financial Report**
7.0	**MERC BUDGET COMMITTEE REPORT** • Commissioner Hammerstad, Budget Committee Chair, reported the next budget meeting will be January 11, where the Reserve Policy Project recommendations will be discussed.
8.0	**MERC VENUE BUSINESS REPORTS** • Robyn Williams, Jeff Blosser and Chris Bailey provided venue reports.
9.0	**OPPORTUNITY FOR PUBLIC COMMENT ON NON-AGENDA ITEMS** None
10.0	**EXPO CENTER & PORTLAND CENTER FOR THE PERFORMING ARTS RENTAL RATES INCREASE DISCUSSION** • Chris Bailey and Robyn Williams each provided updates and justifications for their respective facility's proposed rental rate increases which will be included and in the FY 12 MERC budget for consideration.
11.0 **11.1** **11.2**	**CONSENT AGENDA** **November 3, 2010 MERC Commission Record of Action** **December 1, 2010 MERC Commission Record of Action** A motion was made by Commissioner Hammerstad and seconded by Commissioner Erickson to approve the Consent Agenda as presented. **VOTING:** Aye: 7 (Dozono, Hammerstad, Leary, Erickson, Goldman, Haruyama, Stoudamire-Phillips) Nay: 0 Motion passed

	• Commissioner Chris Erickson left the meeting.
12.0 **12.1**	**ACTION AGENDA** **Resolution 11-01 for the purpose of approving a collection bargaining agreement with the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada ("IATSE") Local 28.** A motion was made by Commissioner Goldman and seconded by Commissioner Hammerstad to approve Resolution 11-01 as presented. **VOTING:** Aye: 6 (Dozono, Hammerstad, Leary, Goldman, Haruyama, Stoudamire-Phillips) Nay: 0 Motion passed
12.2	**Resolution 11-02 for the purpose of approving a collective bargaining agreement with the American Federation of State, County and Municipal Employees (AFSCME) Local 3580-1.** A motion was made by Commissioner Goldman and seconded by Commissioner Leary to approve Resolution 11-02 as presented. **VOTING:** Aye: 6 (Dozono, Hammerstad, Leary, Goldman, Haruyama, Stoudamire-Phillips) Nay: 0 Motion passed
	There was no further business to come before the Commission and the meeting was adjourned at 2:20 p.m.

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 11-01

For the purpose of approving a collective bargaining agreement ("CBA") with the International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada ("IATSE") Local 28.

WHEREAS, the Commission's designated representatives for labor relations and the IATSE Local 28 designated bargaining representatives have negotiated in good faith with IATSE Local 28; and

WHEREAS, the Commission's designated representatives for labor relations and the Union's designated bargaining representatives have reached an agreement for a three-year CBA; and

WHEREAS, the tentative agreement is subject to ratification by a vote of the Commission; and

WHEREAS, the Union membership duly ratified the tentative agreement on December 17, 2010; and

WHEREAS, MERC staff believe that the tentative agreement is fair, reasonable, and in the public interest.

THEREFORE BE IT RESOLVED:

1. The Commission hereby ratifies the tentative agreement attached to this Resolution as Exhibit A.

2. The Commission hereby authorizes and directs the General Manager, or her delegate, to execute the collective bargaining agreement reflecting the terms of the tentative agreement on the Commission's behalf and forward that signed agreement to the Union for formal signing.

Passed by the Commission on January 5, 2011.

Chair

Secretary-Treasurer

Approved As To Form:
Daniel B. Cooper, Metro Attorney

By:

Nathan A. Schwartz Sykes, Senior Attorney

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 11-02

For the purpose of approving a collective bargaining agreement with the American Federation of State, County, and Municipal Employees (AFSCME) Local 3580-1.

WHEREAS, the Commission's designated representatives for labor relations and the AFSCME 3580-1 designated bargaining representatives have negotiated in good faith with AFSCME 3580-1; and

WHEREAS, the Commission's designated representatives for labor relations and the Union's designated bargaining representatives have reached an agreement for a three-year collective bargaining Agreement; and

WHEREAS, the tentative agreement is subject to ratification by a vote of the Commission; and

WHEREAS, the Union membership duly ratified the tentative agreement on December 22, 2010; and,

WHEREAS, MERC staff believe that the tentative agreement is fair, reasonable, and in the public interest,

THEREFORE BE IT RESOLVED:

1. The Commission hereby ratifies the tentative agreement attached to this Resolution as Exhibit A.

2. The Commission hereby authorizes and directs the General Manager, or her delegate, to execute the collective bargaining agreement reflecting the terms of the tentative agreement on the Commission's behalf and forward that signed agreement to the Union for formal signing.

Passed by the Commission on January 5, 2011.

Chair

Secretary-Treasurer

Approved As To Form:
Daniel B. Cooper, Metro Attorney

By:

Nathan A. Schwartz Sykes, Senior Attorney

MERC Commission Meeting

March 2, 2011
12:30 pm

10.0 - Action Agenda

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 11-05

Approving the Metropolitan Exposition Recreation Commission ("MERC") 2011-2012 Budget, the MERC Reserve Policy, Rental Rate increases for the Portland Center for the Performing Arts ("PCPA") and the Portland Metropolitan Exposition Center ("Expo") for FY 2011-12, Re-Designation of the Expo Center Phase Three Expo Master Plan User Fee and recommending the payment of the Oregon Convention Center ("OCC") Street Car LID through financing by Metro.

WHEREAS, pursuant to Section 6.01.50 of the Metro Code, MERC must prepare and approve a budget by resolution and;

WHEREAS, the MERC Budget Committee has met in public meetings for the purpose of creating the MERC 2011-2012 budget and recommends approval of the budget attached as Exhibit A to this Resolution and;

WHEREAS, the MERC Budget Committee has reviewed the MERC Reserve Policy attached as Exhibit B to this Resolution and recommends its approval to the Commission and;

WHEREAS, the MERC Budget Committee has included rental rate increases for the PCPA and the Expo in the MERC 2011-2012 budget and recommends the increases attached as Exhibit C, and;

WHEREAS, the MERC Budget Committee as part of the budget process reviewed the user fees for the Expo and recommends the user fee designated for Phase III construction at the Expo be used for operations, see Exhibit D, and that the existing reserve for Phase III will become part of the new Capital/Business Strategy Reserve pursuant to new MERC Reserve Policy; and

WHEREAS, the MERC Budget Committee recommends that OCC finance the Street Car LID assessment and work with the Metro Council on financing options.

BE IT THEREFORE RESOLVED, that the Metropolitan Exposition Recreation Commission:

1. Approves the MERC fiscal year 2011-2012 budget attached as Exhibit A and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the fiscal year 2011-2012;
2. Approves the MERC Reserve Policy attached as Exhibit B;
3. Approves the rental rate increases for the PCPA and the Expo for FY 11-12 in accordance with Exhibit C;
4. Approves the re-designation of the Expo Center Phase III construction user fee for operations, see Exhibit D, and making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy; and

5. Recommends that OCC finance the Street Car LID assessment and directs the Metro Chief Operating Officer to work with the Metro Council on financing options.

Passed by the Commission on March 2, 2011.

Chair

Approved as to Form:
Daniel B. Cooper, Metro Attorney

Secretary/Treasurer

By:
Nathan A. Schwartz Sykes, Senior Attorney

MERC Staff Report

Agenda Item/Issue: Approving the Metropolitan Exposition Recreation Commission ("MERC") 2011-2012 Budget, the MERC Reserve Policy, Rental Rate increases for the Portland Center for the Performing Arts ("PCPA") and the Portland Metropolitan Exposition Center ("Expo") for FY 2011-12, Re-Designation of the Expo Center Phase Three Expo Master Plan User Fee and recommending the payment of the Oregon Convention Center ("OCC") Street Car LID through financing by Metro.

Resolution No.: 11-05

Presented By: Judie Hammerstad
Teri Dresler
Cynthia Hill

Date: March 2, 2011

Background and Analysis:

Approval of Resolution 11-05 would implement the following actions:

1. Approves the MERC fiscal year 2011-2012 budget attached as Exhibit A and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the fiscal year 2011-2012;
2. Approves the MERC Reserve Policy attached as Exhibit B;
3. Approves the rental rate increases for the PCPA and the Expo for FY 11-12 in accordance with Exhibit C;
4. Approves the re-designation of the Expo Center Phase III construction user fee for operations, see Exhibit D, and making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy. The user fees collected annually range from $150 thousand to $200 thousand. The accumulated balance in the Reserve for Phase 3 as of June 30, 2010 was $1,166,039. This amount is included in the new Capital/Business Strategy Reserve in the proposed budget.
5. Recommends that OCC finance the Street Car LID assessment and directs the Metro Chief Operating Officer to work with the Metro Council on financing options. The OCC assessment for Eastside Streetcar Local Improvement District (LID) is $2 million. The current estimate for completion of the project is late 2011-12 or early 2012-13, which is when the assessment will occur.

The Budget Committee, consisting of MERC Commissioners Hammerstad (Chair), Haruyama and Erickson met three times to review the budget in detail and the recommended Reserve Policy.

"Exhibit A" includes a letter from Judie Hammerstad, MERC Commissioner and Teri Dresler, Visitor Venues General Manager, describing the business outlook and the major issues and challenges we faced in the development of the FY 2011-12 proposed budget.

Fiscal Impact:

Total Revenues and Transfers $43,289,300
Total Expenditures $ 42,218,999
Fund Equity Transfers $3,158,261
Net Decrease to Fund Balance $2,087,960

Recommendation: The MERC Commission Budget Committee recommends adoption of Resolution 11-05:

1. Approves the MERC fiscal year 2011-2012 budget attached as Exhibit A and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the fiscal year 2011-2012;
2. Approves the MERC Reserve Policy attached as Exhibit B;
3. Approves the rental rate increases for the PCPA and the Expo in accordance with Exhibit C;
4. Approves the re-designation of the Expo Center Phase III construction user fee for operations, see Exhibit D, and making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy; and
5. Recommends that OCC finance the Street Car LID assessment and directs the Metro Chief Operating Officer to work with the Metro Council on financing options.

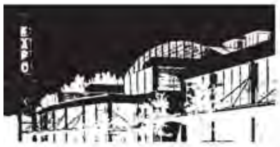


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EXHIBIT A to Resolution 11-05

To: MERC Commission

From: Judie Hammerstad, Budget Committee Chair
Teri Dresler, General Manager Visitor Venues

Date: March 2, 2011

Subject: Transmittal of Proposed FY 2011 – 12 MERC Budget

The proposed FY 2011 – 12 MERC budget is attached to this memorandum as prepared and recommended by the MERC Budget Committee. The committee met three times and, over the course of these meetings, learned from venue directors the challenges and opportunities each venue faces in the coming year. This background context was essential to the committee's understanding of the expenditure requests and revenue forecasts for each venue.

In addition to preparing the budget recommendation, the committee was tasked with making a recommendation on a reserves policy for MERC. If approved as part of the recommended budget, this new financial policy will continue MERC's practice of sound financial management, creating contingency and renewal and replacement reserves as well as a reserve fund for strategic business initiatives and new capital projects.

Anticipated savings from efficiencies generated as a result of the MERC/Metro Business Practices Study, as well as budget reductions proposed by Metro Chief Operating Officer Michael Jordan, reduced overall costs and contributed to the decrease in overhead costs paid to Metro by the venues.
The committee's recommended budget is being presented to the Commission on March 2, 2011 for approval and then will be forwarded to the Metro Council for its review and approval in a process beginning on April 7, 2011. If the Council proposes amendments to the budget, those will be brought back to the Commission for consideration in April / May.

Economic Climate

- In Fiscal Year 2011 – 12, the Oregon Convention Center's booked business for national conventions reflects the downturn experienced in 2008 – 09 when associations would have typically booked meetings for the 2012 – 13, but either held off or planned smaller, local meetings. Business in the coming year will reflect these decisions through a decrease in national conventions by seven compared to the current year. The OCC sales staff has been challenged with retooling their sales techniques to match these new industry realities. While this team has been successful in booking short-term business that tends to be local or regional by nature, it is the large national convention business that generates the majority of OCC's revenue. Tax revenue from transient lodging taxes is expected to continue its climb back from the low of two years ago. Hotel bookings are up, indicating that the public is starting to travel again for both business and leisure.

- While public shows in FY 2010 – 11 have stabilized a bit for the Portland Expo Center, attendance remains soft. Two show producers intend to add back space in the upcoming year, after scaling down in recent years, in hopes that the public is ready to spend again. We are cautiously optimistic that the worst is over and a slow growth back to our baseline is occurring. The addition of the West Delta Bar & Grill as Expo's only food and beverage location, with seating and tables, has proven to be a very positive revenue addition for its first two months of operation. We look forward to continued growth in revenues from the West Delta Bar & Grill.

- A strong Broadway season is expected again at the Portland Center for Performing Arts with an additional week of Broadway shows on the schedule for the FY 2011 - 12 season. The resident companies are holding their share of the entertainment audience through creative use of highly popular feature artists. This will be the second budget where PCPA has seen a decrease in transient lodging tax revenue due to the limit on increases allowed year over year in the intergovernmental agreement (IGA). When the lodging industry experienced a sharp decrease in 2008 – 09, tax income dropped dramatically, and though recovery has been positive this past year for the lodging industry, PCPA has also begun its recovery , but in a limited manner, due to the terms of the IGA. Overall, PCPA expects a very successful FY 2011 – 12.

Major Budget Impacts for Fiscal Year 2011 – 2012

- Establishing reserve funds as defined in the MERC reserve policy. These funds include a strategic reserve, a contingency reserve, a stabilization reserve, and renewal and replacement reserve. A report on the reserve policy is attached to this packet.

- Venue directors have taken have taken a tough look at their expenditure budgets in light of the anticipated revenue horizon and have made reductions where necessary. One FTE is proposed as a budget reduction. Due to thoughtful management of venue budgets over the past few years, the venues are lean operations without any excess in their budgets.

- The MERC / Metro Business Practices Study recommended outcomes are being implemented fully in the FY 2011 – 12 proposed budget. Impacts to the MERC administration budget reflect a decrease in personal services costs as some staff has been shifted to centralized work groups within Metro. Costs for those staff will be allocated back to the MERC venues. Other impacts to the budget from the implementation of the business study are reflected in reduced materials and services spending realized as the result of more efficient practices agency-wide.

- Metro Chief Operating Officer Michael Jordan has proposed a set of agency-wide budget reductions primarily related to the costs associated with employees. These proposed reductions have assisted greatly in arriving at a balanced budget proposal.

- The budget includes a $3,067,917 for the national sales contract with Travel Portland. This amount reflects a 1% increase from the FY 2010 – 11 contract.

Policy considerations included in the Fiscal Year 2001 – 2012 Proposed Budget

- Approval of the MERC Reserve Policy.
- Approval of rental rate increases for PCPA and Expo.
- Approval to re-designate the Expo Phase III construction user fee for operations, thereby making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy.
- Recommendation that OCC staff pursue an inter-agency financial agreement to finance the Street Car LID assessment of $2 million anticipated in late fall 2012.

The Budget Committee is recommending that the Commission address two key budget policy issues in the next year:

- An examination of the financial operating model for Expo Center and the Oregon Convention Center needs to be conducted with an eye to the long-term financial sustainability of the current business models (with or without a convention center hotel).

- A long-term solution to the budget gap created by the reduction in transient lodging taxes received by PCPA needs to be found.

We would like to thank the Metro Finance and Regulatory Services staff who researched and prepared the recommendations for the proposed MERC reserve policy. Thanks go to Cynthia Hill, MERC budget and finance manager who kept us all on track with packets of information for each meeting and countless revisions to the ever changing balances on spreadsheets. A big thank you to the three venue directors who dove in to help present a balanced budget and respond to a multitude of requests for information about their business units. The proposed budget and reserve policy provides the venues with the financial resources needed to achieve excellence in customer service while maintaining the venues in a manner that delivers on our promise to the region to operate world-class facilities.

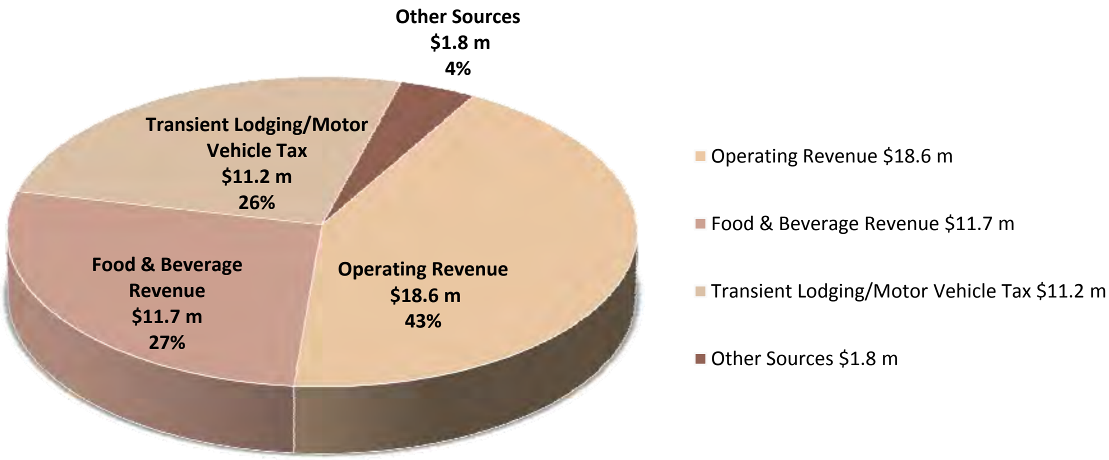
And finally, thank you to the MERC Budget Committee members, Commissioners Cynthia Haruyama and Chris Erickson for their diligence in reading the reams of financial information and their engaged participation in the Budget Committee.

Overview

FY 2011-12 Budget

Included in this exhibit is a high level overview of revenues, expenditures, and the fund balance.

Total Revenue $43.30 million



Revenue

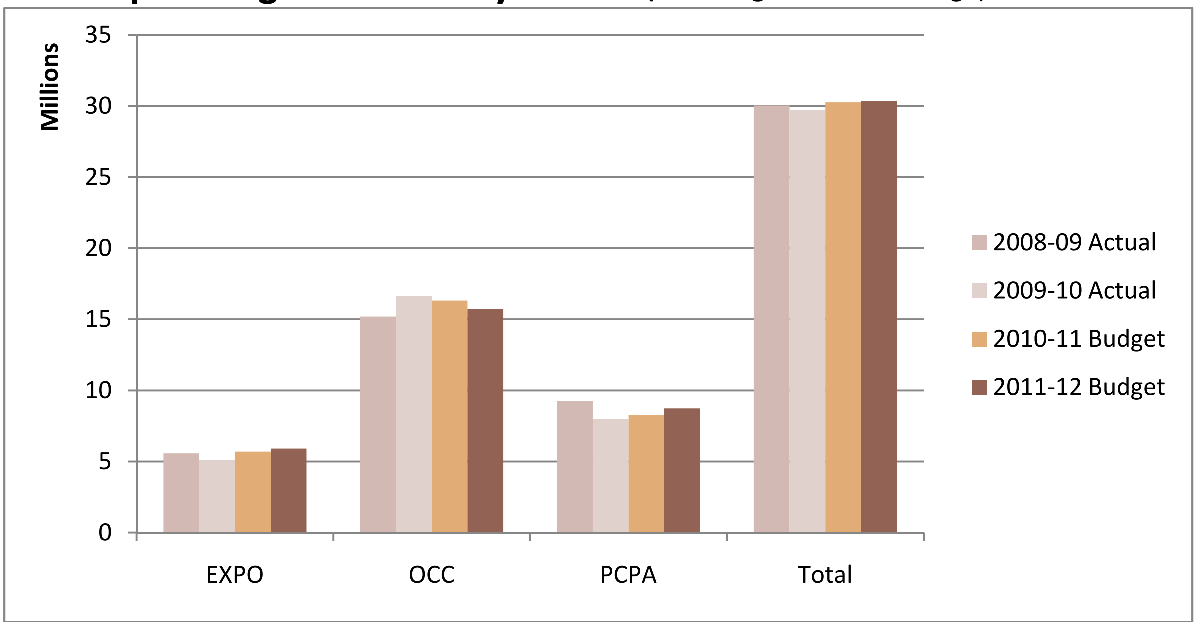
Overall operating Revenue, excluding Food & Beverage, is $18 million, a slight increase over the FY 2010-11 Budget. Operating revenue includes the cost of renting facilities, equipment and providing services to clients and attendees, and the revenue generated by business operations.

- Expo $3.9 million operating revenue is 2.9% greater than FY 2010-11 budget
  - Attendance is conservatively projected to be flat.
- OCC $7.7 million operating revenue, 2.43% less than FY 2010-11 budget
  - Thirty national/regional conventions are booked in FY 2011-12 reflecting a decrease of seven.
- PCPA $7.0 million operating revenue is 3.8% greater than FY 2010-11 budget
  - Strong Broadway season with 12.5 weeks compared to 13 weeks in FY 2010-11 with four of those weeks being a blockbuster and seven weeks being high grossing with full capacity attendance.

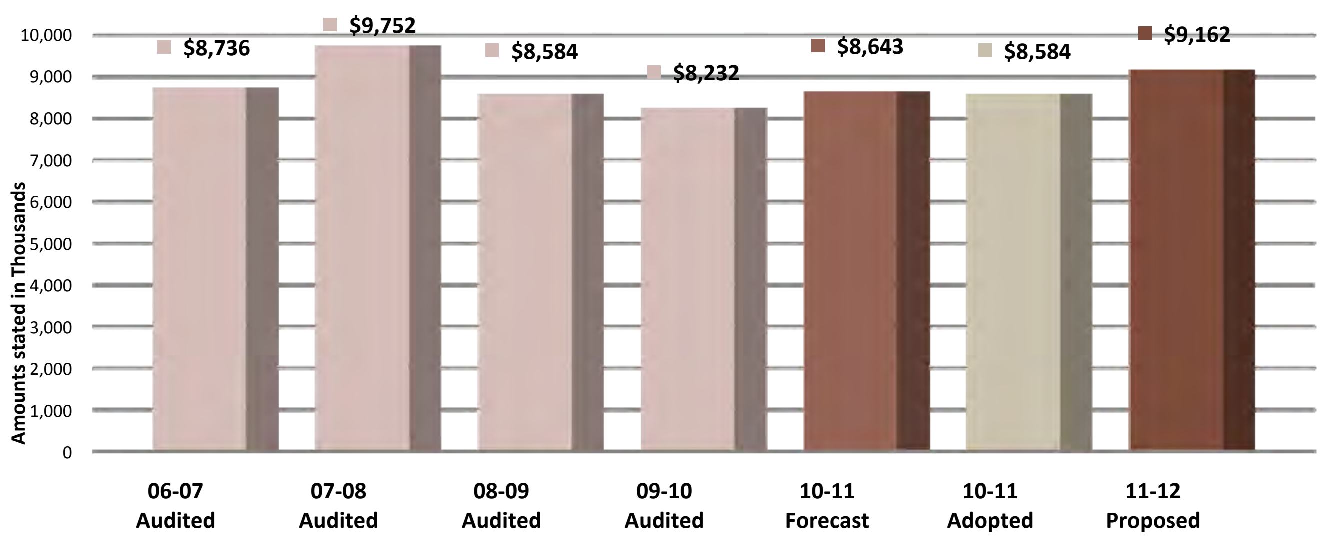
Food & Beverage Revenues are flat compared to FY 2010-11 budgets at $11.7 million

- EXPO anticipates food and beverage revenue will improve by $100 thousand over that budgeted in FY 11 with a full year operation of the West Delta Bar & Grill.
- OCC budget reflects a decrease in food and beverage revenues with fewer conventions.
- PCPA revenue increases due to the strong Broadway Series.

Total Operating Revenues by Venue (including Food & Beverage)



Transient Lodging Tax (Excise 3%)

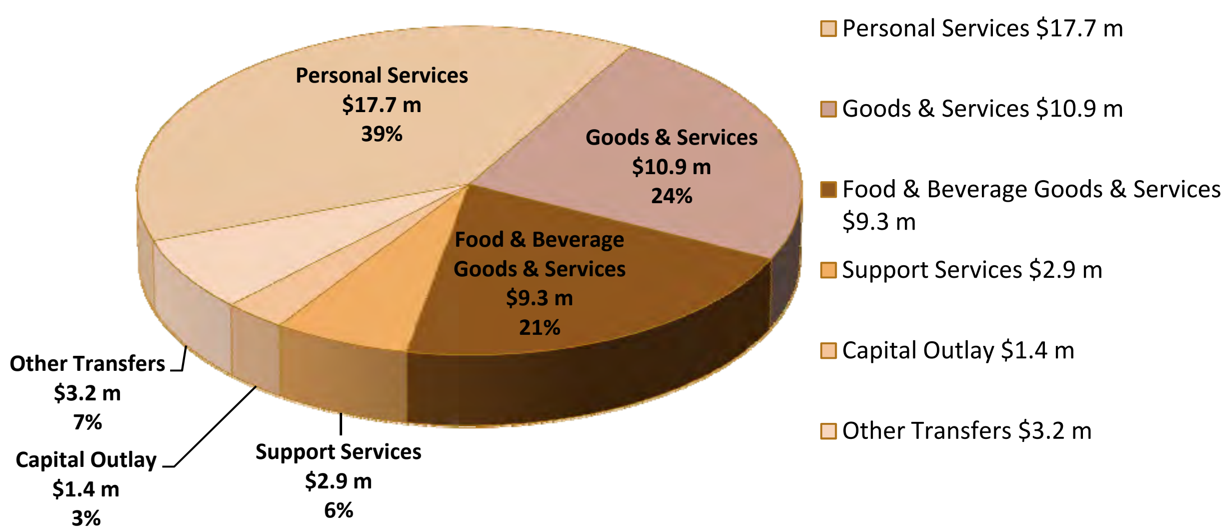


Non - Operating Revenues

- Transient Lodging and Motor Vehicle Tax budget totals $11.2 million. Recent lodging industry occupancy and room rate data show significant growth in FY 2010-11.
- PCPA has experienced a reduced allocation as the tax code requires OCC to receive the greater of CPI or the increase in tax receipts. The PCPA base is now $925 thousand compared to $1.2 million in previous years.
- Transient Lodging Tax (TLT) 3% Excise Tax budgeted to increase 6% at $9.2 million.
    - OCC $8.3 million
    - PCPA $ .9 million

- Visitor Development Trust Account (VDI Buckets) includes operational support for OCC and PCPA and enhanced marketing support passed through to Travel Portland. Expo Center does not receive operational support from the intergovernmental agreement.
  - VDI Bucket 4 – The OCC request is $960,000 which includes the following three components
    - Travel Portland VDI Single Hotel Marketing Portland as a destination is $160 thousand approved June 6, 2008
    - Travel Portland marketing alternatives to a headquarter hotel is $250 thousand
    - OCC support is $550 thousand
  - VDI Bucket 5 - Enhanced marketing $425 thousand (Pass through to Travel Portland)
  - VDI Bucket 8 - PCPA operational support- $607 thousand
- City of Portland Contribution of $784 thousand to PCPA increases by CPI.
  -
- Investment Earnings are estimated at .50% by Metro's Investment Manager
- Interfund Transfers In
  - $480 thousand incoming transfer from Metro Tourism Opportunity and Competitiveness Account (MTOCA). Four proposed capital projects included in the OCC Five Year Capital Plan are proposed to be funded by this source.

Total Expenditures $45.4 million



<u>Expenditures</u>

Personal Services

- The MERC Fund includes 186.2 Full time employees and approximately 300 part time employees.
- PCPA - Increase part time Marketing & Promotions Coordinator II position to full-time. The increased cost is $25,879

- PCPA - Add a full-time Utility Lead – to assume 40 hours previously worked by part-time utility workers $28,183
- PCPA - Re-organization within the operations department resulted in the elimination of 1.00 FTE Maintenance and Construction Supervisor for a savings of $93,606
- Administration – changes are described below in the MERC Administration section.

Goods & Services

- Project carry-over of $100 thousand for building maintenance repair to preserve the parapet exterior on the Arlene Schnitzer Concert Hall. An additional $70 thousand is included to fund unanticipated costs associated with this project.
- ARAMARK food & beverage expenses $9.3 million for the consolidated MERC Fund
- National Marketing Contract with Travel Portland remains flat at $3.1 million

MERC Administration and Metro Support Indirect & Direct Support

- MERC Administration decrease 23%
  - This total is allocated to individual venues using FY 2010-11 personal services as the factor.
  - The MERC / Metro Business Practices Study recommended outcomes are implemented in the FY 2011–12 proposed budget. The result is a decrease of 4.8 FTE.
- Metro Indirect Cost/Support Services transfer is 8.61% greater than current year.
  - This total is allocated to individual venues using FY 2010-11 personal services as the factor.
- Metro Risk Management Services
  - Includes property Insurance, liability and workers' compensation
- Direct transfer of $78 thousand to the Metro Office of the COO for 50% of Policy Advisor
  - This position provides direct support to the MERC Venues on major projects

Fund Equity Transfers Transfers

Fund Equity Transfers & Debt includes transfers of resources to other funds. The current budget includes the transfer of the accumulated PERS Reserve to the General Fund, the transfer to the Bond fund for the Expo Debt, a transfer from PCPA to the Metro Renewal & Replacement Fund.

- Transfer the accumulated PERS Reserve $1.9 million to the Metro General Fund
- PERS bond recovery: Metro makes an annual debt service payment for limited tax pension bonds sold in 2005 to address the PERS unfunded actuarial liability. All Metro departments have been paying approximately 3 percent of its personal services costs as an ongoing expense to fund the debt payment. To mitigate the significant increase in PERS rates beginning July 1, 2011, Metro will use accumulated PERS reserves to fund the debt payment. This saves MERC about $358,918 in FY 2011-12.
- Debt Service transfer to Metro Bond Fund
  - EXPO transfers the annual bond payment for Hall D Replacement ($1.2 million) funded from operating revenue and unrestricted fund balance
- Transfer $10.8 thousand to Metro general fund renewal & replacement to replace time clocks at PCPA.

Five Year Capital Plan

- The five year Capital plan includes all projects and capital purchases over $10 thousand
- The chart below identifies the FY 2011-12 projects $100 thousand and greater which are included in the Metro Capital Improvement Plan.

Description	*Project Type*	*2011-12*
OCC - Electrical Sub Metering	New Capital/Sustainability	200,000
OCC - Permanent Automatic AV Screens in all Meeting Rooms	Revenue Generating	195,000
PCPA - Arlene Schnitzer Concert Hall & Hatfield HVAC Controls Replacemer	Renewal & Replacement	130,000
Expo - Structural Issue Hall E	Renewal & Replacement	100,000
Total Visitor Venues (MERC Fund)		***625,000***

Fund Balance

The proposed budget includes the implementation of the Reserve Policy. The Final Report and Recommendations are included in "Exhibit B". The chart below reflects a summary of the fund balance and reserves by venue.

Summary of FY 2011-12 Fund Balances and Allocations to Reserves

	Expo	OCC	PCPA	Admin	MERC
Projected FY 2011-12 Balances**	**$4,427,328**	**$7,779,594**	**$7,891,570**	**$827,751**	**$20,926,243**
Reserve Targets					
Restricted					
Expo Phase 3	-	-	-	-	-
PERS	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**
Contingency					
Working Capital	-	-	-	-	-
Operating Contingency	364,000	1,540,000	300,000	95,335	2,299,335
Stabilization	186,000	260,000	174,500	-	620,500
Subtotal	**550,000**	**1,800,000**	**474,500**	**95,335**	**2,919,835**
Accumulation					
Renewal & Replacement	925,000	5,325,779	5,595,000	732,416	12,578,195
New Capital Business Strategy**	2,952,328	653,815	1,822,070	-	5,428,213
Subtotal	**3,877,328**	**5,979,594**	**7,417,070**	**732,416**	**18,006,408**
Sum of Reserve Targets	**$4,427,328**	**$7,779,594**	**$7,891,570**	**$827,751**	**$20,926,243**

Note

These figures reflect proposed uses of fund balances in the FY 2011-12 budget as of March 2, 2011 The new capital and business strategy figure is the balance remaining after funding other reserves.

Use of Fund Balance Included in the FY 2011-12 Budget

The transfer of $1.9 million PERS Reserve accounts for a major portion of the decrease to fund balance. Use of fund balance by venues is listed below:

- Expo Center

Net of Operations	$1,251,207
Net Fund Equity Transfers & Debt	(1,365,096)
Net Capital – Fund balance – New Capital/Business Strategy Reserve	(275,000)
Net Increase/Decrease Fund Balance	(388,889)

- Oregon Convention Center

Net of Operations	$321,988
Net Fund Equity Transfers & Debt	(1,004,018)
Net Capital – Projects funded from the annual MTOCA Transfer from Metro General Fund and accumulated fund balance designated for capital from PY Transient Lodging Tax Receipts	(246,000)
Net Increase/Decrease Fund Balance	(928,030)

- Portland Center for Performing Arts

Net of Operations	$18.106
Net Fund Equity Transfers & Debt	(614,408)
Net Capital – Projects funded from PCPA Foundation Donation	n/a
Net Increase/Decrease Fund Balance	(596,302)

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Date: March 2, 2011

To: MERC Commission

From: Judie Hammerstad, Chair
MERC Budget Committee

Subject: Approval of Reserves Study and Recommendation

The Budget Committee, as part of its FY 2011-12 budget assignment, completed its review of the MERC Reserve report and recommends that the MERC Commission approve the designation of specific types of reserves, effective immediately. The FY 2011-12 budget proposal implements these reserves at the amounts shown on the attached table. Each year the budget will be prepared using these categories, adjusting as needed to meet the target required.

By adopting these categories and the FY 2011-12 budget proposal, we are confirming our good instincts about the strategic fund balance, now defined by specific categories with rigorous analysis. The contingency is calculated to withstand a major economic event every ten years. The contingency and stabilization reserve together are sized to withstand a major economic event lasting more than one year, unfortunately something we are familiar with. The renewal and replacement needs of all three facilities are funded for the next five years with modest and predictable annual contributions, based on the initial plans provided by the venue directors. Over the next three years the venues will validate and improve these plans to extend the funding strategy for the longer term. We are recommending that the accumulated reserves for Expo Phase 3 be included as part of the new capital/business strategy reserve. The surcharge will continue to be collected and available for Expo Center operations.

The chart below summarizes the principal findings by reserve type; the attached table displays how the reserves are presented in the proposed budget. The full report describes in detail how the targets were developed using historical data.

RECOMMENDATION SUMMARY

Designated Reserve Type	Description	Significant Findings
Restricted	Established to satisfy external obligations. currently: Expo Phase 3 PERS Reserves	Expo Phase 3 can be classified for capital or business strategy. PERS reserve will follow Metro direction; current direction is to use accumulated reserves to relieve annual PERS bond payments.
Working Capital	Provides liquidity to cover timing differences between payables and receipts.	Not required. Utilize Metro's resources for working capital rather than setting aside a portion of the MERC fund balance for this purpose. The cost of this strategy is minimal, and frees up $3.95 million for renewal and replacement.
Contingency	Annual operating "insurance"; provides funds to cover unexpected, within-year revenue shortfalls or cost spikes; there if you need it, but you don't plan to spend from it. There is a direct trade-off between risk and the size of the operating contingency: the smaller the reserve, the higher the risk and vice versa.	Consistent with current contingency plan. Sized for a "10 year event": there is a chance the reserve would be completely exhausted once every decade. Appropriated and available for spending during the year by budget amendment; requires both resolution of Commission and Metro ordinance.
Stabilization	The source of funds to replenish the operating contingency the year following a revenue or cost shock, thereby avoiding the need to dip into the next year's budget to fund the operating contingency.	The operating contingency and stabilization reserve together are sized for a major economic disruption spread over more than one year. Recommended because the effects of such shocks are not usually confined to one year for MERC venues. Unappropriated and available only in the succeeding budget year.
Renewal and Replacement	Supports the existing asset base; steady annual deposits to smooth cycles of higher and lower spending. Accumulation reserve, works like savings account, building up with the	Based on 10-year proforma with 5-year focus (5-year CIP adopted annually). Annual outlays are based on schedules prepared by each venue which will be refined and adjusted over next three years as experience grows. Based on current schedules, additional resources will

Designated Reserve Type	Description	Significant Findings
	intention of spending. The greater the initial designation, the smaller the annual contribution and vice versa.	be needed after Year 5. OCC: TLT capital funds are available for R&R or new capital PCPA: does not consider Friends of PCPA resources which may be source of some part of annual contribution.
New Capital/ Business Strategy	New capital: accumulation reserve; funding source for new capital acquisition; an alternative to borrowing. Uses of funds are governed in principle by a capital plan. Business Strategy: non-recurring costs of pursuing business Strategies, Continuity, and Opportunities Uses of funds are guided in principle by a business or strategic plan.	Overlaps the concept of the “strategic fund balance In this study, the amount available for these reserves is the fund balance that remains after all of the other reserves have been funded. It was outside the scope of this study to determine if this amount is adequate; that finding could emerge in conjunction with development of a business or strategic plan. Recommend that the amount be appropriated and available for spending during the year by budget amendment; requires both resolution of Commission and Metro ordinance.

Attachments: Reserve designation by Venue
Reserves Study Report

Report and Recommendations on MERC Financial Reserves

Final Report

March 2, 2011

Prepared For

Michael Jordan, Chief Operating Officer, Metro

MERC Commission

Elisa Dozono, Chair
Ray Leary, Vice Chair
Judie Hammerstad, Secretary Treasurer
Chris Erickson
Terry Goldman
Cynthia Haruyama
Karis Stoudamire-Phillips

Project Team

Margo Norton, Finance and Regulatory Services Director
Cynthia Hill, MERC Budget Manager
Douglas Anderson, Policy and Compliance Manager, FRS

The project team extends its thanks to the MERC executive team for its assistance without which this study would not have been possible:

Teri Dresler, General Manager, Metro Visitor Venues
Chris Bailey, Executive Director, Portland Expo Center
Jeff Blosser, Executive Director, Oregon Convention Center
Robyn Williams, Executive Director, Portland Center for the Performing Arts
Lisa Brown, Executive Assistant

Introduction

The objectives of this study are to identify the types of reserves that are appropriate for MERC, and to analyze independently the funding needs (targets) for each of those reserves.

This information will assist decision makers in allocating the current fund balance among specific and targeted business needs. It will also help MERC assess the adequacy of its fund balance, and provide planning targets for the future – especially in cases where a particular reserve falls short of its funding goals.

As an immediate benefit, this study will provide decision makers with a better sense of options, priorities and risks when considering drawing on the fund balance for various uses. In particular, the results of this study should help inform development of budgets, both for FY 2011-12 and in the future.

This study can also help inform planning and management of decisions and activities that affect, or are affected by, the reserves – such as the projects and schedules for renewal and replacement of existing assets.

The results of this study should also increase the transparency of MERC's financial condition and provide MERC and Metro with a firmer foundation for explaining or discussing current and future needs with stakeholders and decision makers inside and outside Metro.

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- Venue-Specific Comments

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- Restricted Reserves
- Working Capital
- Operating Contingency and Stabilization Reserve
- Renewal and Replacement
- New Capital and Business Strategy

One

Reserve Concepts and Appropriate Reserves for MERC

"Reserves" are the portions of the MERC Fund balance that are set aside for specific, or "designated" purposes. Any portion of the fund balance that is not reserved is "undesignated."

At the most basic level, reserves serve only one purpose: to support the business objectives of the organization. It is good practice to identify the reserves that are needed for each organization, quantify the target size of each reserve, and to adopt policies governing funding, uses, and priorities. The policies and targets should reflect the characteristics of the operating and capital budgets, the organization's appetite for risk, opportunity costs, management objectives, and the strategic direction of the organization.

There are three classes of reserves that provide an organizing framework for any discussion of reserves: restricted, contingency and accumulation. Below, the specific reserves recommended for MERC are described under each class.

Restricted Reserves are set aside to satisfy external obligations such as law or covenant. These same obligations usually govern the sources and uses of funds, and often specify the size of the reserve.

For MERC the project team initially defined the following as restricted:

- Expo Phase 3
- PERS

Contingency Reserves are like insurance: they are there if needed, but no expenditures are planned from them.

For MERC the project team recommends the following contingencies.

- Working Capital: provides liquidity to cover time delays between payables and receipts.
- Operating Contingency: covers the operating budget against cost spikes and revenue slumps.
- Stabilization Reserve *(new concept for MERC)*: backs up the operating contingency.

Accumulation Reserves are financial management tools that act like savings accounts: small periodic deposits grow (that is, accumulate) to an amount sufficient to cover planned future expenditures.

For MERC the project team recommends the following accumulators.

- Renewal & Replacement: the source of funds for renewal and replacement capital outlay.
- New Capital: the source of funds for new capital acquisition.
- Business Strategy: a source of funds for non-recurring costs of pursuing business strategies, continuity and opportunities. *(Overlaps MERC's current "Strategic Fund Balance" concept.)*

Two

Summary of Findings and Results

Table 1 shows the projected FY 2011-12 balances and target funding levels recommended for the contingency reserves and renewal and replacement at each venue. The figures shown for new capital and business strategy are the balances that remain after the other reserves have been fully funded. The new capital and business strategy amounts are not necessarily funding targets, as explained in the text following the table.

Table 1
Recommended Reserve Targets
FY 2011-12

	Expo	OCC	PCPA	Admin	MERC Fund
FY 2011-12 Balances	**$4,427,328**	**$7,779,594**	**$7,891,570**	**$827,751**	**$20,926,243**
Contingency					
Working Capital	—	—	—	—	—
Operating Contingency	364,000	1,540,000	300,000	95,335	2,299,335
Stabilization	186,000	260,000	174,500	—	620,500
Subtotal	**550,000**	**1,800,000**	**474,500**	**95,335**	**2,919,835**
Accumulation					
Renewal & Replacement	925,000	5,325,779	5,595,000	732,416	12,578,195
New Capital* / Business Strategy*	2,952,328	653,815	1,822,070		5,428,213
Subtotal	**3,877,328**	**5,979,594**	**7,417,070**	**732,416**	**18,006,408**
Sum of Reserve Targets	**$4,427,328**	**$7,779,594**	**$7,891,570**	**$827,751**	**$20,926,243**

*The new capital and business strategy figures are the balances remaining after funding other reserves at the recommended targets.

Overview. The operating contingencies and stabilization reserves together are sized to withstand a combination of cost spikes and revenue slumps that amount to a “twenty year event” spread over two fiscal years. The renewal and replacement reserves, together with annual deposits described later in this report, are sufficient to fund the next five years of known renewal and replacement needs at all three venues. This provides MERC with sufficient time to develop renewal and replacement plans that are financially sustainable in the long run. This study recommends that MERC utilize the resources of Metro for its working capital needs rather than earmark a portion of the MERC Fund balance for this purpose. Accordingly, the working capital reserves are not shown as funded. It was outside the scope of this study to determine targets for the new capital and business strategy reserves, as management considerations and long-term objectives drive those needs more than technical factors. Funding levels for these two reserves could emerge in conjunction with development of a strategic business plan.

From a glance at the table it is clear that the current fund balance is adequate to support all contingency and renewal and replacement accounts at their target levels, subject to the assumptions and limits set forth in this report.

General Comments

- **PERS**. The PERS reserves in all Metro funds including MERC will be centralized in FY 2011-12 to service PERS debt next year and over the near term. Accordingly, the MERC PERS reserves are not shown in Table 1.

- **Operating Contingencies and Stabilization Reserves.** As mentioned above, combined, these accounts are sized to cover a "twenty year event" at each venue. This means, at the recommended levels, there is a chance that these reserves would be *completely exhausted, without relying on any cost management efforts*, once every twenty years. In statistical terms, there is 95 percent confidence that such a reserve will be adequate to cover cost and revenue shocks from year-to-year. Stabilization reserves, which back up the operating contingencies, are a new concept for MERC. These are recommended because cost and revenue shocks are not typically confined to a single year's impact at MERC. Over time, the size of these contingencies may be adjusted according to experience and decision-makers' choice between risk and the opportunity cost of holding funds in reserve.

- **Renewal and Replacement Reserves.** The main challenge for renewal and replacement at MERC is the especially heavy series of projects programmed for the next three to four years. The renewal and replacement accounts, together with annual deposits described later in this report, are sufficient to fund the next five years of planned renewal and replacement outlays. It is important that MERC utilize this time to review its asset base and develop renewal and replacement plans that are sustainable in the long run.

- Targets for the **New Capital and Business Strategy Reserves** were not specifically addressed in this study, as funding is driven more by management and strategic considerations than technical factors, and MERC's capital acquisition and business plans are not sufficiently developed at this time to guide a formal technical analysis. However, by objectively sizing all of the fundamental reserves – working capital, operating contingencies, and renewal and replacement – this study provides MERC with a better handle on the amount of the total fund balance that remains available for new capital and business strategy execution in the near term. It is an open question at this whether these reserves – especially business strategy – can be managed as accumulation reserves (that is, funded by periodic planned deposits), or whether funding would come from operating surpluses when available.

Venue-Specific Comments

Expo

- The fund balance appears adequate to support all reserves as specified in this memo, including a sizeable amount for new capital and business strategy.

- If subsequent review uncovers additional renewal and replacement needs, Expo's fund balance appears able to accommodate an expansion of the reserve.

- The study team found that the original purpose of the Phase 3 reserve overlaps the new capital and business strategy concepts set forth in this report. The study team recommends that MERC review the original objectives and constraints for this reserve to determine if they warrant revision. In Table 1 the Phase 3 Reserve balance is folded into new capital and business strategy line.

- The recommended operating contingency is higher than the largest experience-based operating deficit during the last 15 years at Expo. This is probably a result of aggressive cost management during lean years in the past.

OCC

- While resources are adequate to fully fund the contingencies and the next five years of planned renewal and replacement outlays, the amount remaining for new capital appears too low for an operation having the size and business needs of OCC. From the perspective of this study, funding for new capital is one of the principal challenges facing OCC.

- Because of the heavy renewal and replacement schedule in the next three to four years and the wide variation in subsequent outlays, OCC would benefit from scheduling its renewal and replacement projects more evenly over time. This would allow for a mild reduction in the annual deposit needed to keep project expenditures covered.

PCPA

- The fund balance appears adequate to support all reserves as specified in this report, including an amount for new capital and business strategy.

- The amount of renewal and replacement funding is amplified by the heavy project schedule over the next several years and high variability of outlays after that. As with OCC, PCPA's renewal and replacement *pro forma* would benefit from scheduling projects more evenly over time.

- The recommended operating contingency at PCPA is the only reserve that is smaller than current practice. If decision makers are uncomfortable with the subjective risk of downsizing this reserve, they might note that the recommended operating contingency and stabilization reserve combined are almost exactly the current level of funding.

- Implementation of capital funding management and policies will need to be tailored to the requirements and practices of the Friends. However, this does not affect the underlying design principles for the capital reserves.

Three

Detailed Analysis and Discussion

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Restricted Reserves

Funding of the two restricted reserves at MERC – Expo Phase 3 and PERS – depend on year-to-year factors: fee revenue in the case of Expo Phase 3, and personal services costs and budget policies of the Metro Council in the case of PERS. Neither of these reserves have specific targets.

PERS. The Metro Council will consider centralizing all PERS reserves in FY 2011-12. The funds will be used to cover each department's 3 percent payment debt payment next year, and the balance applied to debt service payments in the near future. Accordingly, the PERS reserves will disappear from the MERC Fund after FY 2011-12.

The **Phase 3 Reserve** was established in 2002 by MERC Commission Resolution 02-31, which also authorized a 6 percent user fee on exhibitors. The resolution included the restriction that "all net user fee revenue and expenditures will be identified and accrued for use strictly associated with the Expo Phase 3 construction project." The stated purpose of the Phase 3 Reserve overlaps the new capital and business strategy concepts set forth in this report. The MERC Commission may wish to review this reserve to determine if it still serves the original purpose and whether the funds could be made available for a broader range of capital planning and projects. In this study, the Phase 3 Reserve balance is treated as part of the new capital and business strategy amounts.

Working Capital

Concept. A working capital account is essentially an internal short-term loan fund that provides the liquidity to cover any time lag between receivables and payables. As working capital must be held in cash or cash equivalent form, the opportunity cost (that is, the return on the funds in their most productive alternative use) can be high. Some organizations utilize an external line of credit to satisfy working capital needs. Large organizations usually pool funds from several operating units to take advantage of different patterns of receipts and outlays over the course of the year.

Method and results. MERC's working capital needs are driven entirely by the timing of payables and receivables at each venue, and are shown in Table 2.

Table 2
Working Capital Needs by Venue

Expo	OCC	PCPA	Total
$525,000	$2,330,000	$1.095,000	$3,950,000

Each venue would have to reserve these amounts if working capital were to be managed individually for each venue. If working capital were managed at the fund level, MERC could take advantage of the differences in timing of cash flows among the venues to reduce the reserve by as much as $400,000 from the total above. Pooling would have no effect on the venues' account balances, as each venue would "own" the same amount of working capital at the end of the year as at the beginning.

However, the best option – and the recommendation of this study – would be for MERC to utilize the resources of Metro as a whole for its working capital. The cost to MERC would be trivial – the amount of foregone interest earnings on the amounts that are used for working capital and therefore not available for investment at any given time. This is essentially an interest payment that MERC would incur in any case if it managed the fund itself.

Implementation. All of Metro's various fund balances are already managed centrally, including the MERC Fund, so this recommendation would not entail any change in practice. Rather, it formally identifies an arrangement that provides MERC with a degree of certainty over the use of $3.95 million for purposes other than working capital.

Operating Contingency and Stabilization Reserve

Concept. An operating contingency backs up the annual operating budget. It provides funding to cover unexpected revenue losses or cost spikes. It is like an insurance policy – there if you need it – but you don't *plan* to spend from it. It is not a substitute for operating revenue beyond one or two years. If a change in financial situation persists, then the organization needs to adapt to the new situation; it cannot rely on contingency funds in the long run. With a properly sized and fully funded operating contingency, cost reductions become an optional, not a required, management response to short-term revenue shortfalls and cost spikes.

Because the operating contingency is essentially insurance, the size of the reserve is often described in terms of probabilities and confidence levels. This provides decision makers with explicit measures to balance their tolerance for risk with the opportunity costs of holding the reserve. For example, a risk averse organization might opt for a large reserve. But this comes with a high opportunity cost, measured by the return that can be realized on the funds in the most productive alternative use. There is a direct trade off between risk and opportunity cost when sizing the operating contingency: the smaller the reserve the higher the risk of underinsuring the operating budget, but the lower the opportunity cost. And vice versa for a large reserve.

Design criteria and assumptions. In practice, most organizations respond to unexpected cost spikes or revenue slumps with a combination of draws from contingency and cost management. *A key design criterion for this project is to size the contingencies assuming no reduction of costs in response to a cost or revenue shock*. This will provide MERC with flexibility to determine the appropriate response whenever a cost or revenue shock occurs in the future. If MERC were to establish formal cost management protocols as a matter of policy in partial response to cost or revenue shocks, the contingency targets could be downsized.

A conventional starting point for contingency analysis is to consider reserves that are sized to withstand a 10-year event. That is, there is a chance that the reserve would be *completely exhausted*, without relying on any cost management efforts, once every ten years. In statistical terms, there is 90 percent confidence that such a reserve will be adequate from year-to-year. Based on MERC's operating history this is a reasonable actuarial level. If decision makers decide that the opportunity costs of the resulting reserves are too high or the organization is willing to accept more risk, the reserve can be downsized to reach, say, an 80 or 85 percent confidence level (5- and 7-year events, respectively). Or if the organization is more risk averse, the reserve can be upsized to, say, 95 percent confidence (that is, to withstand a 20-year event).

To provide context for the results and discussion that follow, Table 3 (next page) shows the frequency and magnitude of operating deficits during the last 15 years. An operating deficit is defined as a situation in which current revenue does not fully cover current costs.

Table 3
Historical Operating Deficits by Venue
FY 1995-96 to 2009-10

Venue	Number of Deficits, Last 15 Years	Average Deficit	Largest Deficit Amount	Largest Deficit Year
Expo	5	$205,000	$324,000	2008-09
OCC	6	1,139,000	1,880,000	2001-02
PCPA	3	338,000	905,000	1999-00

Note: historical operating surpluses and deficits have been adjusted to account for controllable and extraordinary one-time events, such as the transfer of $9 million from OCC to Expo in FY 1996-97 and the $5.74 million of VDI expansion revenue to OCC in FY 2000-01. *Source*: historical MERC financial reports.

Assumptions and methodology. Other factors affect the size of the operating contingency in addition to the organization's tolerance for risk. These are the size of the operating budget, the magnitude of potential cost and revenue shocks, and the cost structure of the venues (represented in this study by the ratio of fixed to variable costs). The specific assumptions for these factors are described in this section.

For MERC, "event-related" costs and revenues are reasonable proxies for variable costs and revenues, and "non-event related" are reasonable proxies for fixed. MERC financial reports identify event and non-event amounts. The project team constructed a simple economic model of each venue from recent operating budget data, FY 2005-6 to FY 2009-10. Because cost structures differ, each venue will have different reactions to cost spikes or revenue slumps. For example, Expo is highly sensitive to variations in event activity because 95 percent of its operating revenue is derived from events while two-thirds of its costs are fixed. PCPA is relatively less sensitive to fluctuations in events because its structure allows it to shed event-related costs more readily than the other two venues.

The variances around these cost models were derived from the last 15 years of operating budgets by venue, FY 1995-96 to FY 2009-10. Historical operating surpluses and deficits were adjusted to account for controllable and extraordinary one-time events, such as the transfer of $9 million from OCC to Expo in FY 1996-97 and the $5.74 million of VDI expansion revenue to OCC in FY 2000-01.

The magnitude of potential cost and revenue shocks are based on MERC managers' historical experience with extreme (although not necessarily worst-case) situations. The cost models were "shocked" with various combinations of reductions in event activity (up to 15 percent), reductions in non-event revenue (up to 6 percent), and across-the-board increases in costs (up to 5 percent) for each venue. Historical variances were used to calculate the risks associated with these combinations, which in turn inform the options for target sizes of the reserves.

Results are shown in Table 4 on the next page. The reserves needed to reach 95 percent confidence are shown for comparison, and as background for the discussion of stabilization reserves that follows.

Table 4
Operating Contingencies by Venue
Comparison of Reserve Levels at 90 and 95 Percent Confidence Levels
(10- and 20-year events, respectively)

	Reserve Amounts		
Venue	90% Confidence	95% Confidence	Difference
Expo	$364,000	$550,000	$186,000
Percent of budget	*6.4%*	*9.7%*	*3.3%*
OCC	$1.54 million	$1.80 million	$260,000
Percent of budget	*6.4%*	*7.5%*	*1.1%*
PCPA	$300,000	$474,500	$174,500
Percent of budget	*3.0%*	*4.6%*	*1.6%*

Implementation. To avoid a detailed study each year, the operating contingency can be set to the percentages of the operating budget shown in Table 4 above. These amounts should be contingent appropriations in each annual budget. That way, the funds can be made available with a budgetary action by the Metro Council if needed during the year.

Comments. Metro's default policy is to set aside 4 percent of the operating budget as contingency. MERC's current practice follows this policy. The resulting adopted FY 2010-11 contingencies are $250,000, $1,066,623 and $471,840 for Expo, OCC and PCPA, respectively. Based on the same analysis as above, these amounts provide confidence at the 83.5 percent, 83 percent and 94.9 percent levels, respectively.

Most organizations find that technically-determined operating contingencies are larger than implemented in practice. This is mainly because almost every organization responds to cost shocks with a combination of cost management and draws from reserves. As stated in the Design Criteria section, the recommended contingencies cover the operating budget (at the stated confidence) assuming no management of costs. If MERC were to establish cost management protocols as a matter of policy in partial response to cost or revenue shocks, the contingency targets could be downsized.

In interpreting these numbers, the reader should keep in mind a basic tenet of statistics: probabilities are just that. It is possible that a 10 year event could happen twice or more in a decade. But it is also possible that it won't happen for 20 or more years.

Stabilization Reserve

The types of revenue shocks to which MERC is most sensitive tend to persist for more than one year. Accordingly, the study team recommends that MERC establish stabilization reserves to back up the operating contingency. A stabilization reserve is not appropriated for the budget, but its funds are used to restore any shortfall in the operating contingency in the subsequent year. The study team further recommends that MERC fund its stabilization reserves at the level shown in the "Difference" column of Table 3. This would mean that the operating contingencies and stabilization reserves together are sized to withstand a combination of cost spikes and revenue slumps that amount to a "twenty year event" spread over two fiscal years.

Renewal & Replacement

Concept. The renewal and replacement reserve serves as the source-of-funds for all renewal and replacement outlays. With a properly-sized and managed reserve, there is no need to budget for renewal and replacement from current operating revenue. Each venue would look to its current cash flow only to make an annual or periodic deposit into the reserve account. Implementation might need to be modified for PCPA where the Friends provide a major source of capital funding. But the overall principle still holds.

There is a tradeoff between the size of the initial balance of the reserve and the size of the periodic deposits into the account. A higher initial balance allows lower periodic payments, and vice versa. The choice of the initial balance and the size of periodic deposits depend on the amount of resources available when the reserve is established, and the amount of revenue that will be available for the periodic deposits over time.

Design criteria. The reserves are sized to meet two design criteria: (1) each year's beginning account balance should be sufficient to cover that year's expected outlays, including a contingency for cost overruns; and (2) the periodic deposits should be relatively stable or at least predictable, and feasible. The sufficiency of the account balance each year is measured by the coverage ratio, which is simply the beginning balance[*] divided by the annual outlay. A coverage of 100 percent means there are exactly enough funds available for projected costs. Ideally, coverage should be at least 105 percent to provide a contingency for cost overruns in some of the projects. Contingencies for cost overruns that stem from acceleration (that is, projects that must be initiated ahead of schedule) are described in the "implementation" section below.

The challenge. Table 5 (next page) shows actual capital outlays during the previous two and five years by venue. According to MERC financial staff, the historical amounts are dominated, or exclusively, expenditures for renewal and replacement. The figures demonstrate the renewal and replacement funding challenges at MERC. A glance at the "2-Year Window" section shows that OCC's average *pro forma* outlay will almost triple between the last two and the next two years, from $832,000 to $2.3 million per year. (Big ticket items such as roofing and carpet drive these numbers.) Over the next five years the average *pro forma* outlay almost doubles, from $900,000 to more than $1.6 million per year (see "5-Year Window" in the table). At PCPA the outlays quintuple in the two-year window, from less than a quarter of a million dollars to almost $1.25 million per year. The five-year average more than triples from $405,000 to $1.43 million. At Expo the next five year average is up almost two and a half times the size of the last five-years. Outlays at all three venues are highly variable from year-to-year after that.

The challenge for design of the renewal and replacement accounts is to determine reasonable initial balances, which when supplemented by affordable periodic deposits, fully fund the renewal and replacement needs.

[*] The beginning balance includes the periodic deposit which is assumed to be credited at the beginning of the year.

Table 5

Average Annual Capital Outlays by Venue

FY 2005-06—FY 2009-10 and FY 2011-12—FY 2015-16

	Average Annual Outlays (2-Year Window)		Average Annual Outlays (5-Year Window)	
Venue	Last 2 Years	Next 2 Years	Last 5 Years	Next 5 Years
Expo	159,800	147,800	84,700	203,700
OCC	832,000	2,295,500	898,500	1,631,500
PCPA	242,800	1,212,700	404,800	1,433,400
Admin	129,700	60,200	178,200	188,900
MERC	1,364,300	3,716,200	1,566,200	3,457,500

Sources

History: MERC revenue and expense reports
Projections: renewal and replacement *pro formas* provided by each venue.

Assumptions and methodology. This analysis started with identification of feasible annual deposits. Because each venue has demonstrated that it can afford the historical outlays in Table 5, this study assumes that these same amounts could be converted to reserve deposits – once the reserve itself becomes the source of funds for the actual capital expenditures. The study aimed for coverages (the ratio of beginning balance to planned outlay) of 105 percent each year. The future outlays are based on renewal and replacement plans provided by each venue (and updated for this study). Rounding out the assumptions, a 0.6 percent near term rate of return on the account balance, growing to 5 percent by 2017; and a 3 percent per year rate of cost inflation were used in the study.

Results. Options that meet the design criteria for the next five years are summarized in Table 6 on the next page. Because of the very high outlays that are programmed during the next 3 to 4 years and the highly variable outlays after that, it is not possible to meet all of the design criteria over a longer term time frame such as 10 or more years. However, subject to the assumptions of the study, the recommendations in Table 6 provide full funding for the next 5 years, which provides MERC with time to review and revise its renewal and replacement outlays and resources. This planning work should take place over the next 2 to 3 years to allow for timely implementation. See the "Comment" column in Table 6 for venue-specific recommendations.

Table 6
Renewal and Replacement Funding
FY 2011-12 through FY 2015-16

Venue	FY 2011-12 Balance	Annual Deposit*	Minimum Coverage	Comment
Expo	$925,000	$85,000	85%**	Expo should complete a review and revision of its R&R plan in time for the FY 2013-14 budget at the latest, as the $85,000 deposits are not sufficient to sustain planned outlays past FY 2014-15.
OCC	$5,325,779	$875,000	105%	OCC should complete a review and revision of its R&R plan in time for the FY 2016-17 budget at the latest, as the $875,000 deposits are not sufficient to sustain planned outlays past FY 2017-18.
PCPA	$5,595,000	$240,000	105%	PCPA should complete a review and revision of its R&R plan in time for the FY 2014-15 budget at the latest, as the $240,000 deposits are not sufficient to sustain planned outlays past FY 2015-16.
Admin	$732,416	/***/	106%	If Admin resumes increasing its deposit by $5,000 per year beginning in FY 2019-20, funding is sustainable in the long run.

* Deposits commence in FY 2012-13; no deposit is assumed in the transition year, FY 2011-12.
** Coverage would fall below 100% in FY 2015-16, based on Expo's current renewal and replacement outlay plan.
*** $42,500 in FY 2012-13, to increase by $5,000 each year until the annual deposit reaches $62,500.

Implementation. The renewal and replacement plans should be actively managed on an ongoing basis, including a periodic, independent assessment of asset conditions and replacement costs.[*] In each annual budget, the full amount of the next year's plan should be appropriated for expenditure. Unspent funds should be returned to the reserve; and if material, may be considered as an offset to the next periodic deposit.

As a contingency against acceleration of future projects, a portion, say 10 to 20 percent, of the second year's plan should be appropriated as contingency. That way, the funds can be made available with a budget amendment by the Metro Council if needed during the year.

Comments. As suggested above, the main funding challenges in the immediate future are the major outlays planned over the next three to four. After that, the variation in outlays becomes the issue. At OCC, for example, the expenditures range from zero (in three different years) to as much as $3 million in a single year. These factors tend to drive up the size of the annual deposits compared with the requirements of a smoother trajectory of expenditures over time.

[*] This is not just good practice, but also a requirement of Metro's Capital Asset Management Policies.

New Capital and Business Strategy

New Capital

Concepts. A new capital reserve is analogous to the renewal and replacement reserve. It is a funding source for new capital acquisitions; an alternative to borrowing. Like the renewal and replacement reserve, it is a management tool to smooth the financial effect of uneven capital outlays, and acts like a savings account: you build up the reserve with the intention of spending it.

Design criteria would follow those described for renewal and replacement, but be based on an acquisition plan for new capital. The capital plan, in turn, is often driven by the business plan.

Business Strategy

Concept. This reserve would cover non-recurring costs of pursuing business strategies, continuity and opportunities. Examples:

- Strategy. Funding the research or soft costs of expanding or adding a business line.
- Continuity. If gaps emerge during budget development, and it does not make good business sense to cut costs to fill those gaps, then the business strategy reserve is an appropriate place to turn for funding *(conventionally, "budget balancing")*.
- Opportunity. If unforeseen opportunities arise requiring, say, seed money in order to move forward, then the business strategy reserve is an appropriate source of funds.

Design Criteria. If the concept of a business strategy reserve proves useful, the design criteria will depend on its purpose.

Results. Targets for the new capital and business strategy reserves were not specifically addressed in this study, as funding is driven more by management and strategic considerations than technical factors, and MERC's capital acquisition and business plans are not sufficiently developed at this time to guide a formal technical analysis.

Comments

- The amount that may be ***available*** for new capital and business strategies in FY 2011-12 is the fund balance that remains after all of the other reserves have been funded. These figures were shown in Table 1. However, without a review of business plans, opportunities, threats, and priorities, it is not possible to define how much is ***needed*** for new capital and business strategy/development.
- These reserves fulfill part of MERC's current "strategic fund balance" concept.
- As the business line between new capital and strategy can sometimes be gray, MERC may find it useful to develop policies that govern fungibility between these uses.
- As a matter of practicality MERC may need to fund its business strategy needs with operating surpluses as available, rather than strictly as an accumulation reserve that builds to a specific target.

EXHIBIT C
MERC Resolution 11-07
March 2, 2011

Proposed FY 2011-12 Rental Rate Increases for the Portland Center for the Performing Arts (PCPA) and the Portland Exposition Center (Expo).

EXPO CENTER

In 2002, facility rental rates effective July 1, 2003 were established that included square footage discounts when exhibit halls were rented in certain combinations; consequently, the greater the total of exhibit hall square footage rented, the greater the facility rental discount. Discounts ranged from as little as 4% to as much as 27% when all exhibit halls were rented.

During development of the proposed Fiscal Year 2011-12 budget and in consideration of increasing expenditures as well as significant long-term financial obligations, staff determined to review the long established discounts toward decreasing those discounts over time and increasing revenue accordingly. As part of this internal review, staff also surveyed the facility rental rates of several other venues to determine the Expo Center's competitive placement in the region. From a strict cost per square foot perspective, the Expo Center remains very competitive with prime space rates ranging from $.05 to $.07 per square foot.

The proposed Fiscal Year 2011-2012 budget generally provides for a 3% rental rate increase for most locations and a 6% increase for 5 of the 7 combined exhibit hall locations thereby beginning to reduce the discounts.

In collaboration with facility users, staff will continue to review the reduction of discounts and other rental rate considerations toward development of multi-year rental rate recommendations for Commission consideration.

PCPA

In 1995, the Commission established criteria that would allow for four tiers of rental rates at PCPA facilities-resident company, preferred non-profit, non-profit and commercial. In 1998, the Commission approved an extension of these same rates for three more years through June 2001.

In June 2002, the Commission approved an increase of rental rates by CPI for every year beginning July 1, 2002 for all PCPA users. At the time CPI was running at 3% and continued to do so for several years so this became the standard annual increase for all rent.

In June 2009, the Commission approved a "0%" increase for the PCPA resident companies and non-profit user groups for FY 10 and FY11, but allowed increases by CPI or a minimum of 3% in FY12 and FY13.

PCPA would like to increase rental rates by a minimum of 3% for commercial users in spite of a CPI that is below 3%. As the resident companies and non-profits return to the minimum 3% increase for these groups, staff is requesting the Commission approve a 3% increase in rental rates for FY 2011-12 for commercial users of PCPA facilities.

Fiscal Year 2011-2012 Facility Rental Rates

Facility Rental Rates / Ticketed

Locations	Fiscal Year FY 11	Fiscal Year FY 12	Dollar Increase	Percentage Increase
Exhibit Halls				
A	2,350	2,400	50	2%
B	1,850	1,900	50	3%
C	3,050	3,125	75	2%
D1	2,475	2,550	75	3%
D2	2,475	2,550	75	3%
D	4,950	5,100	150	3%
E1	3,675	3,775	100	3%
E2	3,675	3,775	100	3%
E	7,350	7,550	200	3%
Combined Exhibit Halls				
ABCD	10,850	11,500	650	6%
ABCDE	15,500	16,500	1,000	6%
ABC	7,000	7,075	75	1%
AB	3,900	4,150	250	6%
AC	5,200	5,325	125	2%
CDE	12,825	13,600	775	6%
DE	10,725	11,375	650	6%
Meeting Rooms				
A101	195	200	5	3%
D101	130	135	5	4%
D102	105	110	5	5%
D201	350	355	5	1%
D202-3	390	400	10	3%
D202-4	585	600	15	3%
D202	195	200	5	3%
D203-4	390	400	10	3%
D203	195	200	5	3%
D204	195	200	5	3%
D205	135	140	5	4%
E101-2	310	320	10	3%
E101	140	145	5	4%
E102	170	175	5	3%
D101-2	235	240	5	2%
D201-4	935	950	15	2%
D201-5	1,070	1,100	30	3%

Fiscal Year 2011-2012 Facility Rental Rates

Facility Rental Rates / Ticketed

Locations	Fiscal Year FY 11	Fiscal Year FY 12	Dollar Increase	Percentage Increase
Miscellaneous				
Connector	320	320	0	0%
East Hall	580	600	20	3%
A Lobby	385	385	0	0%
A Lounge	185	185	0	0%
D Lobby	1,695	1,695	0	0%
E Lobby	1,900	1,900	0	0%
D Lounge	500	500	0	0%
All Parking Lots	16,071	16,071	0	0%
Boneyard	310	320	10	3%
Lower Parking Lot 1 East	1,466	1,466	0	0%
Lower Parking Lot 1 West	2,772	2,772	0	0%
Lower Parking Lot 1-2-3	9,138	9,138	0	0%
Lower Parking Lot 1-2	6,198	6,198	0	0%
Lower Parking Lot 1	4,238	4,238	0	0%
Lower Parking Lot 1W-2-3	7,672	7,672	0	0%
Lower Parking Lot 1W-2	4,732	4,732	0	0%
Lower Parking Lot 2	1,960	1,960	0	0%
Lower Parking Lot 3	2,940	2,940	0	0%
Upper Parking Lot 1-2-3-4	6,933	6,933	0	0%
Upper Parking Lot 1-2-3	3,376	3,376	0	0%
Upper Parking Lot 1-2	2,584	2,584	0	0%
Upper Parking Lot 1	1,720	1,720	0	0%
Upper Parking Lot 2-3	1,656	1,656	0	0%
Upper Parking Lot 2	864	864	0	0%
Upper Parking Lot 3	792	792	0	0%
Upper Parking Lot 4 South	420	420	0	0%
Upper Parking Lot 4	3,557	3,557	0	0%
Upper Parking Lot Plaza	310	320	10	3%

Fiscal Year 2011-2012 Facility Rental Rates

Facility Rental Rates / Non-Ticketed

Locations	Fiscal Year FY 11	Fiscal Year FY 12	Dollar Increase	Percentage Increase
Exhibit Halls				
A	2,875	2,950	75	3%
B	2,150	2,200	50	2%
C	3,600	3,700	100	3%
D1	2,950	3,035	85	3%
D2	2,950	3,035	85	3%
D	5,900	6,075	175	3%
E1	4,325	4,450	125	3%
E2	4,325	4,450	125	3%
E	8,650	8,900	250	3%
Combined Exhibit Halls				
ABCD	12,950	13,725	775	6%
ABCDE	18,225	19,325	1,100	6%
ABC	8,300	8,550	250	3%
AB	4,725	5,000	275	6%
AC	6,275	6,450	175	3%
CDE	15,225	16,150	925	6%
DE	12,650	13,400	750	6%
Meeting Rooms				
A101	195	200	5	3%
D101	130	135	5	4%
D102	105	110	5	5%
D201	350	355	5	1%
D202-3	390	400	10	3%
D202-4	585	600	15	3%
D202	195	200	5	3%
D203-4	390	400	10	3%
D203	195	200	5	3%
D204	195	200	5	3%
D205	135	140	5	4%
E101-2	310	320	10	3%
E101	140	145	5	4%
E102	170	175	5	3%
D101-2	235	240	5	2%
D201-4	935	950	15	2%
D201-5	1,070	1,100	30	3%

Fiscal Year 2011-2012 Facility Rental Rates

Facility Rental Rates / Non-Ticketed

Locations	Fiscal Year FY 11	Fiscal Year FY 12	Dollar Increase	Percentage Increase
Miscellaneous				
Connector	320	320	0	0%
East Hall	670	690	20	3%
A Lobby	410	410	0	0%
A Lounge	200	200	0	0%
D Lobby	1,775	1,775	0	0%
E Lobby	2,000	2,000	0	0%
D Lounge	500	500	0	0%
All Parking Lots	16,071	16,071	0	0%
Boneyard	310	320	10	3%
Lower Parking Lot 1 East	1,466	1,466	0	0%
Lower Parking Lot 1 West	2,772	2,772	0	0%
Lower Parking Lot 1-2-3	9,138	9,138	0	0%
Lower Parking Lot 1-2	6,198	6,198	0	0%
Lower Parking Lot 1	4,238	4,238	0	0%
Lower Parking Lot 1W-2-3	7,672	7,672	0	0%
Lower Parking Lot 1W-2	4,732	4,732	0	0%
Lower Parking Lot 2	1,960	1,960	0	0%
Lower Parking Lot 3	2,940	2,940	0	0%
Upper Parking Lot 1-2-3-4	6,933	6,933	0	0%
Upper Parking Lot 1-2-3	3,376	3,376	0	0%
Upper Parking Lot 1-2	2,584	2,584	0	0%
Upper Parking Lot 1	1,720	1,720	0	0%
Upper Parking Lot 2-3	1,656	1,656	0	0%
Upper Parking Lot 2	864	864	0	0%
Upper Parking Lot 3	792	792	0	0%
Upper Parking Lot 4 South	420	420	0	0%
Upper Parking Lot 4	3,557	3,557	0	0%
Upper Parking Lot Plaza	310	320	10	3%

PCPA Rental Rates

	2010/2011 Keller	2011/2012 Keller		2010/2011 ASCH	2011/2012 ASCH		2010/2011 Newmark	2011/2012 Newmark
Tier 1 - Commercial Rates								
Performance - Evening	3,935 vs 8%	4,055 vs 8%		3,935 vs 8%	4,055 vs 8%		1,350	1,390
Rehearsal/Load-in Day	1,965	2,025		1,965	2,025		735	760
Tier 2 - Non-Profit Rates								
Performance - Evening	3,340 vs 5%	3,440 vs 5%		3,340 vs 5%	3,440 vs 5%		1,135	1,170
Rehearsal/Load-in Day	1,675	1,725		1,675	1,725		685	705
Tier 3 - Featured/Non-Profit -- Jefferson Dancers, MYS, Singing Tree, PA&L, PICA, WB								
Performance - Evening	1,855	1,910		1,855	1,910		640	660
Rehearsal/Load-in Day	925	955		925	955		350	360
Tier 4 - Principal/Resident - OBT, OCT, OSO, POA, PYP, TOJ								
Performance - Evening	780	805		780	805		295	305
Rehearsal/Load-in Day	370	380		370	380		155	160

	2010/2011 Winningstad	2011/2012 Winningstad		2010/2011 Brunish	2011/2012 Brunish
Tier 1 - Commercial Rates					
Performance - Evening	760	785		760	785
Rehearsal/Load-in Day	390	400		390	400
Tier 2 - Non-Profit Rates					
Performance - Evening	650	670		355	365
Rehearsal/Load-in Day	370	380		190	195
Tier 3 - Featured/Non-Profit -- Jefferson Dancers, MYS, Singing Tree, PA&L, PICA, WB					
Performance - Evening	355	365		NA	NA
Rehearsal/Load-in Day	185	190		NA	NA
Tier 4 - Principal/Resident - OBT, OCT, OSO, POA, PYP, TOJ					
Performance - Evening	155	160		110	115
Rehearsal/Load-in Day	115	120		85	90

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 02-31

For the purpose of approving the implementation of a user fee and facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06 at the Portland Metropolitan Exposition Center.

WHEREAS, the Commission adopted a five-year strategic plan and program that identifies goals and strategies for each of its business units through 2006 to include, in part, the development of a plan and approval of percentage rental or user fees and the approval of facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06 at the Portland Metropolitan Exposition Center; and

WHEREAS, in collaboration with staff, the Ad Hoc Expo Center Licensee Committee and the Expo Center Advisory Committee have reviewed and recommended the implementation of a user fee and facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06.

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission approves the implementation of the following user fees and facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06 at the Portland Metropolitan Exposition Center:

1. Effective July 1, 2003, a user fee of 6% of ticket sales, with a minimum of $.50 per ticket, will be assessed;
2. All user fee revenue and expenditures will be identified and accrued for use strictly associated with the Expo Phase III construction project;
3. The Commission assures that it will not increase the user fee without first holding a public review process and receiving comments by the Expo Advisory Committee;
4. Events that both sell fewer than 3,000 tickets and generate gross ticket sales of less than $15,000, run of show, are exempt from the application of a user fee;
5. Facility rental rates for user fee events for Fiscal Year 2003-04 through Fiscal Year 2005-06 are established as shown on attached; and
6. Facility rental rates for non-ticketed and user fee exempt events for Fiscal Year 2003-04 through Fiscal Year 2005-06 are established as shown on attached Exhibit B.

Passed by the Commission on September 25, 2002.

Chair

Secretary-Treasurer

Approved As To Form:
Daniel B. Cooper, General Counsel

By:

Lisa Umscheid
Senior Assistant Counsel

Exhibit A

Facility Rental Rates
Ticketed Events with User Fee

Locations	Fiscal Year 2003-2004	Fiscal Year 2004-2005	Fiscal Year 2005-2006
Exhibit Halls			
A	$1,900	$2,000	$2,050
B	$1,450	$1,525	$1,575
C	$2,400	$2,550	$2,625
D	$3,850	$4,100	$4,200
D1	$1,925	$2,050	$2,100
D2	$1,925	$2,050	$2,100
E	$5,700	$6,050	$6,250
E1	$2,850	$3,025	$3,125
E2	$2,850	$3,025	$3,125
Exhibit Halls in Combination			
AB	$3,100	$3,275	$3,375
ABC	$5,500	$5,825	$6,000
ABCD	$8,500	$9,000	$9,275
ABCDE	$12,000	$12,700	$13,075
CDE	$10,000	$10,600	$10,900
DE	$8,350	$8,850	$9,125
Meeting Rooms			
D 101	$100	$105	$110
D 102	$75	$80	$85
D 103	$200	$210	$215
D 201	$275	$300	$310
D 202	$150	$160	$165
D 203	$150	$160	$165
D 204	$150	$160	$165
D 205	$100	$110	$115
E 101	$105	$110	$115
E 102	$125	$135	$140
VIP Room	$105	$110	$115
Miscellaneous			
Connector	$235	$250	$260
Exterior	$250	$265	$275
Hall A Lobby	$315	$335	$345
Hall D Lobby	$1,350	$1,425	$1,470
Hall E Lobby	$1,525	$1,625	$1,675
Lounge	$150	$160	$165

Exhibit B

Facility Rental Rates
Non-Ticketed & User Fee Exempt Events

Locations	Fiscal Year 2003-2004	Fiscal Year 2004-2005	Fiscal Year 2005-2006
Exhibit Halls			
A	$2,325	$2,400	$2,475
B	$1,775	$1,825	$1,875
C	$2,950	$3,050	$3,150
D	$4,750	$4,900	$5,050
D1	$2,375	$2,450	$2,525
D2	$2,375	$2,450	$2,525
E	$7,000	$7,200	$7,400
E1	$3,500	$3,600	$3,700
E2	$3,500	$3,600	$3,700
Exhibit Halls in Combination			
AB	$3,800	$3,900	$4,025
ABC	$6,700	$6,900	$7,100
ABCD	$10,375	$10,675	$11,000
ABCDE	$14,625	$15,050	$15,500
CDE	$12,200	$12,550	$12,925
DE	$10200	$10,500	$10,800
Meeting Rooms			
D 101	$105	$110	$115
D 102	$80	$85	$90
D 103	$210	$215	$220
D 201	$300	$310	$320
D 202	$160	$165	$170
D 203	$160	$165	$170
D 204	$160	$165	$170
D 205	$110	$115	$120
E 101	$110	$115	$120
E 102	$135	$140	$145
VIP Room	$110	$115	$120
Miscellaneous			
Connector	$250	$260	$270
Exterior	$265	$275	$285
Hall A Lobby	$335	$345	$355
Hall D Lobby	$1,425	$1,470	$1,515
Hall E Lobby	$1,625	$1,675	$1,725
Lounge	$160	$165	$170

MERC Staff Report

Agenda item/Issue: Approving the implementation of a user fee and facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06 at the Portland Metropolitan Exposition Center.

Resolution No.: 02-31

Date: September 25, 2002 **Presented by:** Chris Bailey

Background: The Commission adopted a five-year strategic plan and program that identifies goals and strategies for each of its business units through 2006. The purpose of this resolution, therefore, is to secure the Commission's approval to implement two of the Expo Center strategies contained within the program.

Goal 2.c of the Expo Center's program primarily provides for 1.) the approval of parking fees for Fiscal Years 2002-03 and 2003-04; 2.) the creation of an ad hoc Expo Center licensee committee; 3.) the development of a plan and approval of percentage rental or user fees; and 4.) the approval of facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06.

Parking fees for Fiscal Years 2002-03 and 2003-04 were approved by the Commission in January 2002 and the establishment of an ad hoc Expo Center licensee committee was accomplished at the May 2002 Expo Center Advisory Committee meeting.

In collaboration with staff, the Ad Hoc Expo Center Licensee Committee then participated in several work sessions associated with developing recommendations related to the two remaining strategies. Upon completion, the committee then reported their findings and recommendations to the Expo Center Advisory Committee in August 2002.

The Ad Hoc Committee report included the following comments and recommendations regarding the two strategies:

<u>Development of a plan and approval of percentage rental or user fees</u>

The Ad Hoc Expo Licensee Committee recognizes the Strategic Plan/Implementation documents and the significance of beginning to secure funds towards the Phase III construction project while concurrently maintaining financial stability for the facilities.

In reviewing the percentage rental and user fee analysis worksheets, it is readily apparent that the application of a user fee is far more productive in achieving the desired result.

However, it is equally evident and strongly recommended that event producers have sufficient notice to consider and budget for such a fee; that all net user fee revenue and expenditures must be distinct, secured and only associated with Phase III; assurance that the fees will not be adjusted without public review; and that a conditional waiver will exempt certain events from application of a user fee thereby minimizing the loss of those events due to an aggregate financial impact.

Approval of facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06.

As a fully self-supporting public facility, the committee is aware that the Expo Center experiences operational cost increases as well as non-operational increases in support costs and debt service. The committee is further aware that rental rates represent a major resource and that they were last approved to be effective April 2001.

In reviewing the proposed increases, the committee concurs that the methodology is fundamentally valid in projecting future rental rates. However, the committee is equally sensitive to the aggregate impact on users of the Expo Center in simultaneously applying both a user fee and rental increases.

Recommendation:
In consideration of the foregoing, the Ad Hoc Expo Licensee Committee recommends approval in applying a user fee and increasing facility rental rates contingent upon the following stipulations:

- *Effective July 1, 2003, a 6% of ticket sales with a minimum of $.50 per ticket sold User Fee will be assessed;*
- *All net user fee revenue and expenditures will be identified and accrued for use strictly associated with the Expo Phase III construction project;*
- *The Commission assures that it will not increase the user fee calculation elements without first executing a public review process and receiving comments by the Expo Advisory Committee;*
- *Events that do not sell at least 3,000 tickets and generate a gross sale of $15,000, run of show, are exempt from the application of a user fee;*
- *Facility rental rates for user fee events will remain at the current rate through Fiscal Year 2003-04; will increase by approximately 6% for Fiscal Year 2004-05 and approximately 3% for Fiscal Year 2005-06; and*
- *Facility rental rates for non-ticketed and user fee exempt events will increase by approximately 6% for Fiscal Year 2003-04, 3% for Fiscal Year 2004-05 and 3% for Fiscal Year 2005-06.*

The Expo Center Advisory Committee concurred with the Ad Hoc Committee recommendations and are mutually recommending that the Commission approve the implementation of a user fee and facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06 based upon the noted conditions.

A letter of notification has been distributed to approximately fifty Expo Center licensees advising of the process, recommendations and further solicits their written comments or clarifying questions.

Recommendation: Staff recommends that the Commission approve the implementation of a user fee and facility rental rates for Fiscal Years 2003-04, 2004-05 and 2005-06 at the Portland Metropolitan Exposition Center, to include the noted conditions.

Materials following this page are attachments to the public record.

MERC Commission Meeting

Presented by:

Jim Lanzarotta, Partner

March 2, 2011

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

WHAT WE WILL COVER

- Scope of services provided
- Significant MERC changes from prior year
- Audit results
- Status of prior year observations and recommendations
- Current year observations and recommendations
- Comments
- Acknowledgements

OPERATING HIGHLIGHTS

- **Complete financial statements maintained by MERC – including capital assets, debt, and net assets**
- **Two years of consistent revenues, expenses**
- **Two years of expenses in excess of revenues of roughly $3M**

NATURE OF SERVICES PROVIDED

- **Audit of the financial statements** of Metro (which include MERC) under Generally Accepted and Government Audit Standards
- **Technical review** of the CAFR for compliance with GAAP as well as GFOA Certificate of Excellence requirements
- Compliance testing/reporting under **Oregon Minimum Audit Standards**
- Single **Audit of federal grant programs** under OMB Circular A-133 and the Single Audit Act – no direct MERC involvement
- Special reports for Metro's compliance with the Natural Areas and Zoo **bond expenditures** - no direct MERC involvement

AREAS OF AUDIT FOCUS

- **Cash and investments**
- **Receivables and revenue**
- **Capital assets**
- **Accrued liabilities, expenses**
- **Long-term debt**
- **Net Assets**

AUDIT RESULTS

Unqualified opinion

- Reasonable, but not absolute, assurance
- Financial statements presented in accordance with GAAP

BEST PRACTICES / RECOMMENDATIONS

Prior Year:

- There were no findings in the prior year specific to MERC

BEST PRACTICES / RECOMMENDATIONS

Current Year:

- Timely bank reconciliations for MERC bank accounts

COMMENTS

Questions?

ACKNOWLEDGEMENTS

Thanks to Suzanne Flynn, Margo Norton, and Tim Collier for their leadership; Don Cox, Karla Lenox, Diane Arakaki, and Julia Fennel for their excellent facilitation of our audit procedures; members of the Audit Committee for their guidance and oversight