

METROPOLITAN EXPOSITION RECREATION COMMISSION
Resolution Number 15-02

For the purpose of approving the Metropolitan Exposition Recreation Commission ("MERC") 2015-16 Proposed Budget and 2015-16 Capital Plan.

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 2015-16 Budget and recommends approval of the budget and annual capital plan attached as Exhibit A to this Resolution.

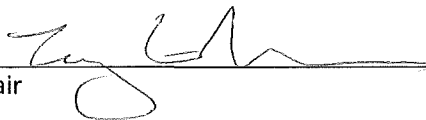
BE IT THEREFORE RESOLVED, that the Metropolitan Exposition Recreation Commission:
Approves the MERC Fiscal Year 2015-16 Budget and 2015-16 Capital Plan attached as Exhibit A and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the Fiscal Year 2015-16.

Passed by the Commission on March 4, 2015.

Approved as to Form:
Alison R. Kean, Metro Attorney



Nathan A. S. Sykes, Deputy Metro Attorney



Chair

Secretary/Treasurer



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Metro | *Exposition Recreation Commission*

March 4, 2015

TO: MERC Commission

FROM: Judie Hammerstad, Chair of the MERC Budget Committee
Scott Robinson, Metro Deputy COO

RE: Transmittal of the Fiscal Year 2015 – 2016 MERC Budget

The MERC Budget Committee recommends the Fiscal Year 2015 – 2016 Proposed Budget to the MERC commission for approval which is summarized in MERC Resolution 15-02 Exhibit A. The Budget Committee met three times and gathered information from venue directors regarding the challenges and opportunities each venue faces in the coming year. This contextual information was essential to the committee's understanding of the revenue forecasts and expenditure requests of each venue.

In addition to preparing the budget recommendation, the Committee:

Capital

- reviewed the MERC 5-year capital plan;
- approved the FY 2015-16 capital plan of \$6,665,500;
- requested staff to complete remaining work including the review of projects scheduled for FYs 2016 through 2020;
- reviewed and recommends a plan allowing venues to spend Aramark capital contribution amounts prior to receipt for project timing purposes. The Aramark capital contributions to the venues total \$2,750,000¹ distributed on a 5-year depreciation schedule; the venues will be paid back for any early expenditures by the scheduled payments;
- reviewed and recommends a request for \$600,000 in MTOCA funds to support ongoing efforts to develop both the Oregon Convention Center (\$110,000 – Capital; \$210,000 – Hotel Project) and the Portland Expo Center (\$280,000 - Operations);
- reviewed and recommends an annual MTOCA allocation of \$110,000 from the General Fund to be used for Plaza Landscape Renovation and Surface Water Management at OCC; reviewed and recommends that TLT Pooled Capital allocation of \$390,000 be used for Plaza Landscape Renovation and Surface Water Management at OCC and that TLT Pooled Capital allocation of \$150,000 be used for OCC Facility Master Plan Study;
- reviewed and recommends that the Expo Center receive \$280,000 from TLT Pooled Capital for capital projects including parking lot, HVAC, VOIP, security cameras and electronic signage;

¹ This includes the \$250,000 Aramark capital contribution contingent upon breaking ground on the OCC Hotel Project

Operating

- reviewed and recommends Portland's request for an increase of 2.00 Full-Time Equivalent (FTE) positions; increasing two existing 0.50 FTE to 1.00 FTE each to facilitate revenue growth and customer service; and replace over 2,000 part-time operating Engineer II hours with a 1.00 FTE operating Engineer II position;
- reviewed and recommends Expo's request for an increase of 1.00 FTE Positions to include two 0.50 FTE positions; a Marketing and Promotions Coordinator and an Administrative Assistant, to facilitate revenue growth and customer service;

OCC Hotel Project

- reviewed and recommends a request for \$210,000 from the General Fund MTOCA account for OCC Hotel project management, construction oversight, and ribbon cutting ceremony costs;
- reviewed and recommends a request to transfer \$3,400,000 from OCC fund balance to the OCC Hotel Bond Fund;

The committee's recommended budget will be presented to the MERC Commission on Wednesday, March 4, 2015 for consideration and approval. It will then be forwarded to the Metro Budget Officer, Martha Bennett, Chief Operating Officer, for review by the Metro Council beginning mid-April. If the Chief Operating Officer proposes amendments to the budget, those changes will be brought back to the Commission for consideration in April or May.

Forecasted economic climate for Fiscal Year 2015 – 2016

The economic recovery from the Great Recession continues with FY 2016 forecasts including increased event bookings across the venues. Portland's Centers for the Arts has booked 12 weeks of Broadway shows - up 23 performances over FY 2015 - including 7 weeks of "Mega" shows featuring Wicked and Book of Mormon. Oregon Convention Center forecasts a record number of events in FY 2016 with 43 conventions already booked and an expectation of a usual few more bookings as the year progresses. Portland Expo Center anticipates a 4% increase in revenues over FY 2015 mostly due to new and substantial bookings in trade shows, meetings and new consumer events. Transient Lodging Tax (TLT) revenue is also projected to continue to be healthy in FY 2016, benefiting both Portland's and OCC.

On the expense side, Expo's budget continues to be stressed by tax increases including Multnomah County Drainage District fees, and City of Portland storm water fees and street fees. Portland's resident company schedules remain flat and its aging buildings continue to require capital improvements. The assumption of a 2.65% CPI & Cost of Living Allowance (COLA) was used in the development of the FY 2016 Budget, however, the Bureau of Labor Statistics reported February 26, 2015, the January 2013 to January 2014 Portland Area Consumer Price Index for All Urban Consumers (CPI-U) increased 2.41% and the 2nd half CY 2014 (July-December) increased 2.26%. Both the AFSCME and LIUNA agreements use these indicators for their COLA. The venues have been impacted by this with increased utility, food and personnel costs. Through good operational efficiency management, the venue directors continue to minimize expenditure growth, keeping revenues on pace with inflation.

Significant impacts in the Fiscal Year 2015 – 2016 Proposed Budget

- Continued funding for the OCC hotel project, which aims to solve the lack of a dedicated block of hotel rooms located across the street from the center, is proposed to be funded by three sources: the OCC Hotel Bond Fund in the amount of \$265,000 representing reimbursement for bond issuance related costs, a transfer from the Metro General Fund MTOCA account in the amount of \$210,000 for project management, construction oversight, and ribbon cutting ceremony costs; and \$3,400,000 from OCC fund balance for OCC's agreed upon contribution to development costs. The total proposed Hotel Project budget for FY 2016 is \$4,094,345 which includes funding for project management staff (0.50 FTE), bond financing costs, development and design expenses, outside legal services, and other costs associated with this effort.
- The Oregon Convention Center budgeted \$189,437 for the fourth of ten loan payments to the General Fund. OCC borrowed \$2.2 million from the General Fund for OCC's Portland Streetcar Local Improvement District (LID) tax assessment in 2012.
- The Portland Expo Center will receive \$280,000 in MTOCA funding in FY 2016 pending approval from Metro COO and Metro Council. These funds are being used for marketing and facility refurbishment projects.
- Health and welfare costs continue to climb. While all three venues and MERC Administration have budgeted decreases in non-event related Materials and Services expenses, the costs for Personnel Services have increased 7.8% over FY 2015 – mostly due to health and welfare cost increases, PERS increases, and costs associated with implementation of the Affordable Care Act mandates.

Requests of staff by the Budget Committee for Fiscal Year 2015 – 2016

- Request of staff to study ways to grow and strengthen Portland's Foundation and its capital endowment as well as to continue evaluation of the long-term capital needs of P's in the context of the current business model that requires subsidizing the resident companies. This project will include stakeholders from the city, resident companies and other relevant stakeholders.
- Request of staff to continue to pursue an evaluation of potential synergies and efficiencies to be gained by combining efforts between the Oregon Convention Center and the Portland Expo Center in the areas of sales and other revenue producing departments.

Policy Considerations – Five-Year Capital Plans & Fund Reserves

The Budget Committee briefly reviewed the five-year capital plans of each venue and the impact on their respective fund reserves. All three venues are experiencing the challenges of aging facilities and growing operating expenditures in a competitive marketplace. These dynamics affect each venue differently. The Committee expressed concern regarding Portland's and Expo's five-year forecasts and encourages the Commission to keep these issues at the forefront of its priorities.

Oregon Convention Center

Because the OCC Hotel is expected to open in 2017 and due to the health of Transient Lodging Taxes (TLT) as well as its event schedule, OCC operations are forecasted to fully fund its five-year capital plan and also maintain healthy reserves.

Portland'5 Center for the Arts

Portland'5 net operations are forecasted to be an average \$930,000 each year over the next five years yet its reserves are forecasted to be depleted from over \$8 million in 2016 to under \$5 million in 2020 due to its capital needs. Portland'5 reserves are forecasted to be only 29% of annual operating expenses in 2020. The Portland'5 Project and FY 2016 Budget Priorities for MERC Admin and Portland'5 reflect next steps to build net operations, find alternative funding sources for capital needs, and maintain reserves. The Budget Committee encourages the Commission to continue to keep this issue at the forefront of its priorities.

Portland Expo Center

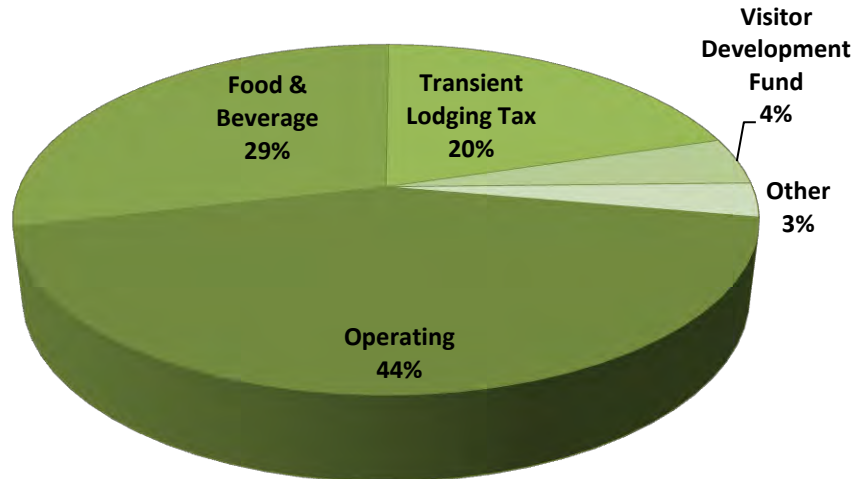
Expo's net operations are forecasted to be an average (-\$200,000) each year over the next five years. This includes receiving a forecasted \$180,000 General Fund MOTCA annual allocation in operations. Expo's Renewal & Replacement reserves are forecasted to be depleted at the end of FY 2015, leaving only \$3.0 million in reserves in Expo's Fund balance. Expo's forecasted FY 2016 beginning fund balance of \$3.0 million represents 47% of its annual operating expenditures. Expo's five-year forecast assumes receiving \$2.8 million of TLT Pooled Capital over five years, representing 49% of funding for its \$5.6 million five-year capital plan. Without this funding source, Expo's reserves would be forecasted be completely depleted December 2017. TLT revenues would have to perform at 2012/2013 levels consistently over the next five years to fund both OCC and Expo's requested TLT Pooled Capital funding for their respective Capital Plans. Phase II of the Expo Project and FY 2016 Budget Priorities for MERC Admin and Expo reflect next steps to build net operations, find alternative funding sources for capital needs, and maintain reserves. The Budget Committee encourages the Commission to continue to keep this issue at the forefront of its priorities and consider approaching Metro Council regarding forming strategies to address Expo's long-term needs.

We would like to especially thank Ben Rowe, MERC Finance Manager, for his tireless work with the venues to build a balanced budget. Thanks also to the Metro finance team for their work with Ben and the venue directors to ensure all of our assumptions are accurate. A big thank you also goes to the venue directors and their staff who worked many hours on projections and balancing the budget. This group of professionals has done the tough work and produced budgets that we can all stand behind and be proud of. The proposed budget provides the venues with the financial resources needed to achieve excellence in customer service and maintain 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 including Commissioners Judie Hammerstad, Cynthia Haruyama and Terry Goldman for their leadership, probing questions, and enthusiastic participation on the Budget Committee.

**Metropolitan Exposition Recreation Commission
Proposed Budget
Fiscal Year 2015 – 2016**

MERC Fund Summary of Resources



Resources	OCC	P'5	Expo	Admin	MERC
Charges for Services	10,236,686	10,091,678	4,383,536		24,711,900
Food & Beverage	11,750,000	2,663,978	1,911,165	-	16,325,143
Lodging Tax	10,097,485	1,345,973	-	-	11,443,458
Visitor Development	2,021,062	667,620	-	-	2,688,682
Other	(106,542)	512,764	225,747	1,271,590	1,903,559
Total	\$33,998,691	\$15,282,013	\$ 6,520,448	\$1,271,590	\$57,072,742
Capital Resources	892,188	58,125	367,188	(820,000)	497,501
Fund Balance	14,174,771	8,789,652	3,039,644	4,349,393	30,353,460
Total Resources	\$49,065,650	\$ 24,129,790	\$9,927,280	\$ 4,800,983	\$ 87,923,703

Operating Revenue

The MERC Fund total charges for services of \$24.7 million are 17% greater than the FY 2014-15 Budget. Charges for services revenue include the following: facility & equipment rentals, parking, and services provided to clients and attendees.

➤ Oregon Convention Center

- OCC's \$10.2 million charges for services revenue is 8.4% greater than the FY 2015 Budget. The event space revenue budget is based on contracted, tentative repeat clients, and historical pickup event bookings. Currently OCC has 43 conventions on the books compared to the same amount at this time last year. The FY 2016 budget assumes an expectation of 45 total event bookings compared to the historical average of 40.

➤ Portland's Centers for the Arts

- Portland's \$10.1 million charges for services revenue is 35.4% greater than the FY 2014-15 Budget. This dramatic increase is due to 12 weeks of scheduled Broadway shows compared to 9.5 weeks scheduled in FY 2014-15. Additionally 7 of 12 of the Broadway weeks are scheduled with mega-hit shows.
- 62% of the increase in charges for services revenue over the prior year is due to the revenue generated by the scheduled event bookings and the logistics of the new ticketing system compared to the old system. With the new system, the full amount of ticket service charges are collected by P5 and then the ticketing company is issued their fee. Under the old system, the ticketing company took their fee out prior to issuing ticket commissions to Portland's.
- 17% of the increase in charges for services revenue over the prior year is due to Portland's new business line of self-promoted shows, budgeted to net approximately \$40,000 in FY 2015-16.

➤ Portland Expo Center

- Expo's \$4.4 million charges for services revenue is 4.4% greater than the FY 2015 Budget.
- The MERC Budget Committee reviewed and approved a concept proposal for Expo's request of \$280,000 in MTOCA funding for marketing & sales activities, and related facility improvement projects.
- Expo is planning to host Cirque du Soleil in FY 2016 however Cirque is not included in the Proposed Budget and will be added by way of budget amendment as in past years.

Food & Beverage Margins

Food & Beverage Revenue is \$15.2 million 7.4 % greater than FY 2015.

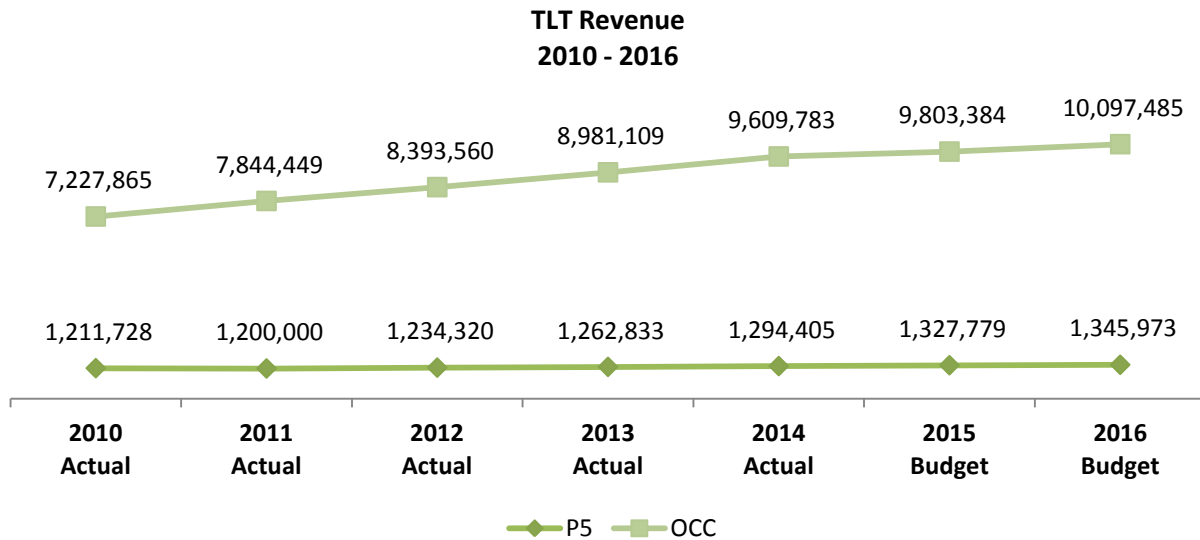
		2013 Actual	2014 Actual	2015 Budget	2016 Budget	Difference \$	Difference %
OCC	Revenue	11,722,033	9,972,528	11,002,827	11,750,000	747,173	7%
	Expense	9,220,424	8,855,561	9,363,294	9,815,867	452,573	5%
	Margin \$	2,501,609	1,116,968	1,639,533	1,934,133	294,600	18%
	Margin %	21%	11%	15%	16%		
P'5	Revenue	2,152,136	2,093,848	2,225,102	2,663,978	438,876	20%
	Expense	1,698,887	1,731,559	1,857,227	2,243,543	386,316	21%
	Margin \$	453,250	362,289	367,875	420,435	52,560	14%
	Margin %	21%	17%	17%	16%		
Expo	Revenue	1,903,409	1,986,464	1,975,000	1,911,165	-63,835	-3%
	Expense	1,644,149	1,711,086	1,651,281	1,620,587	-30,694	-2%
	Margin \$	259,260	275,378	323,719	290,578	-33,141	-10%
	Margin %	14%	14%	16%	15%		
MERC	Revenue	15,777,579	14,052,840	15,202,929	16,325,143	1,122,214	7%
	Expense	12,563,460	12,298,206	12,871,802	13,679,997	808,195	6%
	Margin \$	3,214,119	1,754,635	2,331,127	2,645,146	314,019	13%
	Margin %	20%	12%	15%	16%		

- OCC food & beverage revenue is forecasted at \$11.8 million, 7% greater compared to FY 2015 budget with a 16.5% margin.
- P'5 food & beverage revenue is forecasted at \$2.7 million. This represents a 20% increase over FY 2015 due to the robust Broadway performance schedule.
- EXPO food & beverage revenue is forecasted at \$1.9 million, 3% less than FY 2015 budget in an effort to bring Expo F&B budget expectations more in line with historical actuals.
Note: FY 2014 actuals reflect hosting the Cirque du Soleil event. Expo is planning to host Cirque du Soleil in FY 2016 however Cirque is not included in the proposed budget and will be added by way of budget amendment as in past years.

Transient Lodging Tax (TLT)

The total Transient Lodging Tax (TLT) revenue budget for FY 2015-16 of \$11.4 million, is an increase of 2.8% over the FY 2015 Budget.

- According to the Visitor Development Fund (VDF) Intergovernmental Agreement (IGA), Portland’s is allocated a maximum increase over the prior year receipts, of the Portland-Salem, second-half Calendar Year, Consumer Price Index (CPI), two years prior. For FY 2015 this is a 2.82% increase over FY 2014 actual receipts. The Portland5 FY 2016 Budget for TLT receipts represents a 2.65% (CPI budget assumption) increase over the FY 2015 adjusted maximum. Portland’s TLT base revenue was reset to \$1.2 million in FY 2011 according to the VDF IGA.
- OCC is allocated the greater of the two years prior CPI or 7% over the prior year receipts. The OCC FY 2016 Budget for TLT receipts represents a 6% increase over the FY 2015 adjusted maximum.
- All TLT receipts over these maximums are deposited into the MERC Fund TLT Pooled Capital account to be allocated to specific projects in future years. \$1.9 million was allocated to the MERC Fund TLT Pooled Capital in FY 2014. TLT Pooled Capital revenue estimates are not budgeted in FY 2015 or FY 2016.
- The Portland Expo Center does not receive TLT revenues, however does receive TLT Pooled Capital for specific projects.



	2011 Actual	2012 Actual	2013 Actual	2014 Actual
TLT Pooled capital Earnings	492,463	902,650	1,066,582	1,920,311

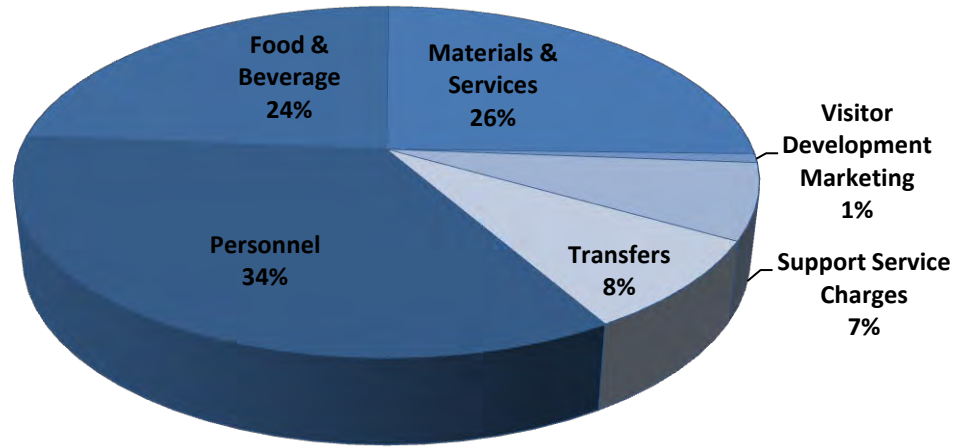
Non-Operating Revenues

- Visitor Facilities Trust Account (VFTA Buckets) includes operational support for OCC and Portland's.
 - VFTA Bucket 5 – OCC request for operational support - \$1,548,281
 - VFTA Bucket 7 – OCC request for enhanced marketing - 472,781
 - VFTA Bucket 10 – P'5 request for operational support - 667,620
- The City of Portland contribution of \$854,000 to P'5 increases by CPI annually.
- There is no annual contribution from the Portland's Foundation for capital renewal and replacement budgeted in FY 2016.
- OCC Transfer Revenue from other funds:
 - Below is a summary table of revenue transfers to OCC.
 - The OCC Hotel Project funding request of \$210,000 from the General Fund Metro Tourism Opportunity and Competitiveness Account (MTOCA) for project management, construction oversight, and ribbon cutting ceremony costs are included in the budget.
 - The OCC request of \$110,000 from the General Fund's MTOCA for the MLK Plaza Capital Project is also included in the OCC Capital Budget.
 - OCC is budgeted to receive a Support Services charges subsidy from the General Fund of 1/3 of the increase from 2014 to 2015, equaling \$80,300. OCC received a subsidy of Support Services charges from the General Fund of \$160,600 in FY 2015, or 2/3 of the support services charges increase from 2014 to 2015.
 - OCC has requested a transfer of \$540,000 from the MERC TLT Pooled Capital Account, \$180,000 more than FY 2015.
 - When the OCC Hotel Project is financed in FY 2016, some costs are allowed to be reimbursed through the process. OCC is budgeted to receive 265,000 in reimbursements.

OCC Transfers – Revenue	2015	2016	\$ Variance	% Increase
MTOCA – General Fund	320,000	320,000	-	0%
SS Subsidy – General Fund	160,597	80,299	(80,298)	-50%
Hotel Support – General Fund	321,000	-	(321,000)	-100%
General Fund Subtotal	801,597	400,299	(401,298)	-50%
Bond Financing Reimbursement	-	265,000	265,000	0%
TLT Pooled Capital	360,000	540,000	180,000	50%
Total	1,161,597	1,205,299	43,702	3.8%

- Expo Transfer Revenue from other funds:
 - The MERC Commission and Metro Council approved a change in the General Fund Metropolitan Tourism and Competitiveness Account (MTOCA) policy language to include Expo as a recipient of funding beginning in FY 2015.
 - A FY 2016 proposal was made and accepted by the MERC Budget Committee for Expo to be allocated \$280,000 in MTOCA funding for marketing & sales activities, and related facility improvement projects.

MERC Fund Summary of Requirements



Requirements	OCC	P'5	Expo	Admin	MERC
Personnel	10,737,796	6,494,395	1,811,467	830,961	19,874,619
Food & Beverage	9,815,867	2,243,543	1,620,587	-	13,679,997
Goods & Services	8,678,855	4,368,968	1,362,718	479,585	14,890,126
VFTA	472,781	-	-	-	472,781
Support Services	2,295,400	1,173,331	535,683	-	4,004,414
Transfers	3,672,652	-	1,186,176	-	4,858,828
Total	\$ 35,673,351	\$ 14,280,237	\$ 6,516,631	\$ 1,310,546	\$ 57,406,650
Capital	3,050,000	2,583,000	1,032,000	-	6,665,000
Reserves	10,342,299	7,266,553	2,378,649	3,490,437	23,477,938
Total Requirements	\$ 49,065,650	\$ 24,129,790	\$ 9,927,280	\$ 4,800,983	\$ 87,923,703

Personnel Services

Full Time Equivalent (FTE) Positions

	2013 Actual	2014 Actual	2015 Budget	2016 Budget	Difference 15/16	Additional Request	2016 Total
Convention Center	110.30	112.30	114.65	114.65	0.00	0.00	114.65
Portland'5	46.40	44.40	46.90	46.90	0.00	2.00	48.90
Portland Expo	13.30	12.30	14.80	14.80	0.00	1.00	15.80
Administration	11.50	6.50	6.00	6.50	0.50	0.00	6.50
Total FTE	181.50	175.50	182.35	182.85	0.50	3.00	185.85

The MERC Fund includes a proposed 185.85 full time equivalent (FTE) positions for the FY 2016 Budget and approximately 300 part-time employees. This represents a total proposed increase of 3.50 FTE. 0.50 of this FTE increase is caused by a change in payroll allocation of the Policy Advisor position in MERC Administration from 50% to the Zoo to 100% to MERC Administration. Instead of allocating the total position cost, MERC Administration will charge the Zoo directly for project costs on an hourly basis. The remaining 3.00 FTE are additional FTE position requests approved by the MERC Budget Committee summarized below.

➤ Portland'5 Centers for The Arts

- Marketing & Promotions Coordinator I (0.50 FTE increase) – P'5 is seeking to increase the FTE of this position to 1.00 FTE to address the increasing workload of the Marketing and Promotions Division and to offer fee-based marketing packages to clients. This FTE increase is expected to cost approximately \$21,500 and increase gross revenues by approximately \$25,000 annually.
- Ticket Supervisor (0.50 FTE increase) – P'5 is seeking to increase this existing position from a 0.50 FTE Ticket Supervisor to 1.0 FTE Ticket Coordinator. This change is requested to address the increasingly growing workload and complexity of ticketing logistics and systems of the industry. The full-time status of this position will help facilitate consistency and availability to clients of the Ticket Services Division.
- Operating Engineer II (1.00 FTE addition) – P'5 is seeking to replace over 2,000 part-time, overtime, and on-call Operating Engineer II hours with a new full-time 1.00 FTE Operating Engineer II position. This request reflects a change in approach in how Portland'5 Operating Engineers are scheduled to better facilitate full staffing, customer service, and reduce overtime and on-call expenses. This change is estimated to cost approximately \$9,500 more per year than the current approach and schedule but result in more consistent coverage of events.

➤ Portland Expo Center

- Marketing & Promotions Coordinator I (0.50 FTE limited duration addition) – Expo is seeking to add a limited duration 0.50 FTE Marketing & Promotions Coordinator I position to add a dedicated resource to aggressively work to increasing marketing &

advertising sales revenues, expand social media presence and up-sell client services. The addition of this 0.50 FTE is expected to cost approximately \$21,000 and increase gross revenues by approximately \$25,000 annually. Revenue goals will be set and increases will be measured. If this position does not result in increased revenues, it is set to expire June 30, 2017.

- Administrative Assistant (0.50 FTE increase) – Expo seeks to add a 0.50 FTE Administrative Assistant position dedicated to the Expo Operations Division. The Operations Division has never benefited from an Administrative Assistant position. This position will provide much needed support to Operations managers, clients, and stakeholders. This will provide the time needed for the management team to focus on customer service, facility maintenance, and projects.

Food & Beverage

- Aramark food & beverage expenses of \$13.6 million for the consolidated MERC Fund are budgeted to increase 6.3% over the prior year commensurate with the increase in scheduled events resulting in a 16.2% margin, \$314,000 or 0.9% greater than FY 2015.

Goods & Services

- All three Venues and MERC Administration budgeted decreases in non-event related Materials & Services expenses in FY 2016 over the prior year.
- Total Materials & Services budget for FY 2016 is \$810,000 or 6.3% increase from FY 2015. This increase is due to event related cost increases.
- Utility rates across the venues are forecasted to increase. However, each of the venues have completed and or planned several lighting, water, and heating and cooling cost saving projects to contain utility expense growth.
- Oregon Convention Center
 - The national marketing contract with Travel Portland is \$3,350,000.
 - VFTA Enhanced Marketing bucket #7 is budgeted at \$472,781 and passed through to Travel Portland.
- Portland's Centers for The Arts
 - The Portland's Materials & Services FY 2016 reflects a 48% or a \$1.4 million increase over FY 2015. However, a majority of this increase is due to two primary items: \$369,500 of new expenditures for the new business line of self promoted shows, (*Portland's Presents*) and \$736,000 in additional expenses over FY 2015, associated with the robust Broadway performance schedule, for ticket commission fees paid to Portland's partners. The remainder of the increase is due to event related expense increases commensurate with revenue increases. Additionally, there are \$36,300 of one-time items included, leaving the base budget much lower. These items include computers, ID badge machine, plaster repair, cleaning equipment and contracts.

➤ Portland Expo Center

- Expo Materials & Services reflect a 6% decrease over the FY 2015 budget even though fees have increased for both Multnomah County Drainage District (MCDD) and Portland Bureau of Environmental Services (storm water).

➤ MERC Administration

- MERC Administration Materials & Services budget has decreased by \$9,800 or 2% from the previous year. This decrease facilitated keeping the MERC Administration charge to the venues static over FY 2015.

Metro Support Services Charges

	OCC	P'5	Expo	MERC
Indirect Charges				
Support Services	2,075,704	1,123,691	454,199	3,653,594
Building Management	5,907	3,797	1,266	10,970
Subtotal Indirect Charges	2,081,611	1,127,488	455,465	3,664,564
% of Operating Budget	5.9%	7.9%	7.0%	6.4%
Direct Charges				
Risk Management Claims	235,308	114,401	76,135	425,844
Workers Compensation Claims	(21,519)	(68,558)	4,083	(85,994)
Subtotal Direct Charges	213,789	45,843	80,218	339,850

Support Services indirect charges are calculated amounts for Information Technology, Finance and Accounting, Procurement, Human Resources, Communications, and Legal Services support costs. These formulaic charges are based upon FTE count, transaction counts (i.e. number of purchasing orders issued), computer server usage, and number of staff hours spent on venue specific items.

Direct charges are actual expenses incurred for identified items, two-years prior. These costs are charged directly to the venue. Metro uses a self insured model of payment for both risk and worker's compensation claims.

Transfers

➤ Expo transfer to Revenue Bond Fund for Hall D debt payment	\$1,186,176
➤ OCC transfer to Metro General Fund for Streetcar assessment loan repayment	189,437
➤ OCC transfer to Metro General Fund for Hotel Project Management work	83,215
➤ OCC transfer to Metro Hotel development	3,400,000

Capital

Summary of Capital Project Funding FY 2016

Capital request expenditures and descriptions are included in the next section by venue.

Funding Source	OCC	P'5	Expo	Admin	MERC
Renewal Replacement Reserves	1,300,000	2,170,000	467,500	-	3,937,500
New Business Strategy	150,000	65,000	-	-	215,000
TLT Pooled Capital	540,000	-	280,000	-	820,000
Aramark Capital	950,000	348,000	285,000	-	1,583,000
MTOCA	110,000	-	-	-	110,000
Total Capital Resources	3,050,000	2,583,000	1,032,500	-	6,665,500

MERC Administration will distribute \$820,000 of TLT Pooled Capital funds, via an intra-fund transfer, to OCC (\$540,000) and Expo (\$280,000) for identified capital projects at each venue.

Reserve Balances

Summary of Reserve Balances FY 2015 – 2016

	OCC	P'5	Expo	Admin	MERC
Beginning Fund Balance (Bud.)	14,174,771	8,789,652	3,039,644	4,349,393	30,353,460
Fund Balance Inc. / (Dec.)	(3,832,472)	(1,523,099)	(660,995)	(858,956)	(6,875,522)
Ending Fund Balance	10,342,299	7,266,553	2,378,649	3,490,437	23,477,938
Operating Contingency	1,500,000	600,000	350,000	65,000	2,515,000
Renewal & Replacement	7,582,091	4,709,253	-	811,772	13,103,116
New Business Strategy	1,274,078	1,957,300	2,028,649	-	5,260,027
TLT Pooled Capital				2,613,665	2,613,665
Total Reserves	10,356,169	7,266,553	2,378,649	3,490,437	23,491,808

**Oregon Convention Center
Capital Request
Fiscal Year 2016**

OCC Capital Projects Funding Summary

Project	Renewal Replacement	Business Strategy	TLT Pooled	Aramark Capital	MTOCA	Total
Telecommunications/VoIP	300,000					300,000
Parking Management System	550,000					550,000
Integrated Door Access Controls	325,000					325,000
Meeting Room Risers	75,000					75,000
Scissor Lift - 32'	50,000					50,000
Audio/Visual Equipment		150,000				150,000
Facility Master Plan			150,000			150,000
MLK/OBR/Holladay Plaza			390,000	500,000	110,000	1,000,000
Stir Lounge Annex				100,000		100,000
Portable Concession Kiosks				50,000		50,000
Cucina Rossa Concession Remodel				300,000		300,000
OCC Subtotal	1,300,000	150,000	540,000	950,000	110,000	3,050,000

*Telecommunications/VOIP - \$305,000**Funding Source: R&R Reserves*

This replaces the existing Meridian Nortel PBX with Cisco VOIP. It is coordinated with Metro IS department as the entire organization moves to this platform. It will upgrade the phone system and handsets as well as updating wiring to successfully use VOIP.

*Parking Management System - \$550,000**Funding Source: R&R Reserves*

This replaces all of the parking equipment, hardware and software systems that manage the operation in the parking garage, I-5 Lot and Lloyd Lot. Improved functionality, reliability and customer satisfaction will result from this project.

*Integrated Door Access Controls - \$325,000**Funding Source: R&R Reserves*

This adds keyless access controls to strategic door locations throughout the facility to increase security in specific areas. It replaces some older doors and wiring and installs access control hardware at each secured door. The OCC will hire a consultant/electrical engineer to assist in product design, wiring, layout of systems including drawings and bid documents for installation.

*Meeting Room Risers/Performance Stage Supports - \$75,000**Funding Source: R&R Reserves*

This purchases sixteen 6' x 8' meeting room risers and six 8' x12' performance stage supports. The current inventory is insufficient to support meeting room riser requests and impacts labor costs, due to the inability to set rooms in advance because of use by other shows.

Scissor Lifts - \$50,000

Funding Source: R&R Reserves

This is a purchase of two 32' scissor lifts for audio visual, electrician and engineer use. It will reduce outside rental costs and replace the old 26' scissor lift that does not meet height needs.

Audio Visual Equipment - \$150,000

Funding Source: Business Strategy

This purchases additional HD projectors, cameras, screens, additional portable sound equipment and theatrical lighting fixtures. These purchases have less than a one-year return on investment, allow the OCC to remain competitive on show bids, reduce staff labor, and increase show margins.

Facility Master Plan - Design & Consulting - \$150,000

Funding Source: TLT Pooled Capital

This is the second phase of this project. Additional funding was approved in FY 2014-15. Individual projects in the FY 2015-16 capital plan were rolled into the Facility Master Plan, creating a more cohesive and comprehensive plan. The OCC will hire a design/consulting firm experienced with all facets of facility design. The end product will be a plan for improvements with estimated construction costs and a description of the renovation intensity for the defined areas.

Plaza Landscape Renovation Project - \$1,000,000

Funding Source #1: TLT Pooled Capital - \$390,000

Funding Source #2: Aramark Capital - \$500,000

Funding Source #3: MTOCA - \$110,000

This redesigns the plaza along Holladay St. and MLK, Jr. Blvd adding way finding, storm water management components, plants, and additional functionality to the space. The Hyatt Hotel project incorporates a coordinated design effort to assist guests with directional access from the hotel to OCC main entrances. The PDC will create its first "Green Street" on Holladay from Grand Ave. to the Rose Quarter area.

Stir Lounge Annex - \$100,000

Funding Source: Aramark Capital

This project will create a unified look to the seating area adjacent to the Stir Lounge and Bistro. Flooring, seating and lighting will be added to enhance the guest experience and increase food and beverage sales.

Cucina Rossa Remodel - \$300,000

Funding Source: Aramark Capital

This project will change the look and feel of the space, creating a more open layout, and provide more seating and point of sales opportunities. The finishes and equipment will be updated.

Portable Concession Kiosks - \$50,000

Funding Source: Aramark Capital

This project will create professional looking, portable kiosks and add food and beverage points of sale to increase revenue opportunities.

**Portland's Centers for the Arts
Capital Request
Fiscal Year 2016**

Portland's Centers for the Arts Capital Projects Funding Summary

Portland 5	Renewal Replacement	Business Strategy	Aramark Capital	Total
Telecommunications/ VOIP	215,000			215,000
Roof & Drains	300,000			300,000
Backstage Elevator	235,000			235,000
Building Re-Key	80,000			80,000
Storage Racking Systems	100,000			100,000
Chiller/Cooling Tower	50,000			50,000
HVAC Controls Updates - ASCH	275,000			275,000
Water Closet replacements - ASCH	40,000			40,000
Soft goods - Keller/ASCH	50,000			50,000
Stage Door/ Box Office Renovations	200,000			200,000
Follow spots - Keller	30,000			30,000
Lighting Controls - Keller	75,000			75,000
LED Light Fixtures - Newmark	75,000			75,000
Sound Console - Keller	50,000			50,000
Sound Console - Winningstad	25,000			25,000
Stairs/Guardrail replacement - Keller	40,000			40,000
Main Speakers - Newmark	100,000			100,000
Stage Floor - Newmark	100,000			100,000
Lighting System Phase III - Newmark	130,000			130,000
Riser Replacement - Winningstad	-	65,000		65,000
Portable Concession Kiosks			168,000	168,000
North Concessions Remodel - Keller			150,000	150,000
1st Balcony Concessions remodel			30,000	30,000
Portland 5 Subtotal	2,170,000	65,000	348,000	2,583,000

VoIP System Installation - \$215K

Funding Source: Renewal & Replacement

Metro is moving the entire agency to a single standard IP based phone system. This project will replace our aging and sometimes failure prone system that exists at Portland's facilities with a new system that will both stand-alone and be fully connected to all Metro facilities with 4 digit dialing, the potential for interagency video-conferencing, and many other improvements and enhancements.

Keller Roof and Roof Drains Replacement (Phase 2 of 3) - \$300,000

Funding Source: Renewal & Replacement

This project will replace existing Keller Auditorium roof, insulation, drains, and sheet metal system with a newly designed and engineered roofing system. We will also explore if the building can handle the weight of a potential green roof or solar array. The current roof is built on top of another roof installed on or around the last major renovation in 1968. The original roof insulation has already been badly damaged due to wear and poor maintenance.

Backstage Elevator Overhaul – AHH - \$235,000

Funding Source: Renewal & Replacement

This project will repair and replace a number of fire/life safety and ADA related components of AHH elevators. In 2013, Portland's hired an independent consultant, Elevator Consulting Services, to review existing conditions and make recommendations as to the current state of our elevators and any appropriate modernization work that was needed. The backstage elevator at the Antoinette Hatfield Hall is more than 30 years old. While some operational systems are in good condition, other system components need to be replaced.

Building Re-Key & Key Controls Software - \$80,000

Funding Source: Renewal & Replacement

This project will replace the current building key system with a vastly simplified and more access control friendly solution. Replace the key control software that has suffered numerous time-consuming systemic failures and lacks more recent software features for effectively maintaining our operational need to effectively control building access.

AHH Storage Racking Systems – AHH Basement & NMK Backstage - \$100,000

Funding Source: Renewal & Replacement

This project will install racking and storage systems in three high ceiling basement storage rooms where there is currently only floor storage. Install a mezzanine backstage at the Newmark to better utilize a significant footprint currently in use for a crew break area and allow for greater client use of backstage work areas.

Chiller/Cooling Tower and Associated Piping - ASCH - \$50,000

Funding Source: Renewal & Replacement

This project will conduct an engineering study for the chiller, cooling tower and associated piping to provide the appropriate equipment and budgetary estimates needed for a full replacement process in the coming budget years. Also investigate potential alternates to a modular chiller and potentially enhance outside air intake capacity issues at the ASCH.

HVAC Controls Replacement - ASCH - \$275,000

Funding Source: Renewal & Replacement

This project will replace original HVAC building controls system with a new direct digital controls (DDC) system to control both HVAC and lighting systems. The current system is twenty five years old, support from the manufacturer is becoming limited as their personnel are no longer trained on a vintage system, and we have randomly experienced systemic failures from time to time.

Water Closets & Urinal Replacements - ASCH (6 gpf to 1.28 gpf) - \$40,000

Funding Source: Renewal & Replacement

This project will replace public and backstage water closets (toilets) with new low water flow units.

Soft Goods Replacement - Keller & ASCH - \$50,000

Funding Source: Renewal & Replacement

This project will replace a portion of the failing theatrical soft goods onstage at the Keller and ASCH. This is a safety issue as we cannot hang these materials without the appropriate fire retardancy and safe hanging hardware intact. We would be left with the liability of our theaters operating outside life/safety regulations and/or potentially endangering our audience and clients.

Box Offices, Stage Doors, Rehearsal Hall planning, design and renovations - \$200,000

Funding Source: Renewal & Replacement

This project will plan and design box offices, stage door entrances, backstage areas and the Keller Rehearsal Hall for improvements. This project is needed to enhance staff functionality, built-in security, and client/patron experience at these first points of contact for most guests in our facilities. Work will be done with a design team, internal staff and clients to develop an appropriate program and then carry out the construction. Projects will be prioritized based on design and need with available funding as determined by the Facility Director. Construction work will begin as time permits but will likely roll into FY 17 due to scheduling constraints.

Follow spots – Keller - \$30,000

Funding Source: Renewal & Replacement

2 of 4 total follow spots at Keller have reached the end of their useful life and need to be replaced. Replacing these follow spots provides a more consistent look for clients with high production values and eases the maintenance of the existing units.

Lighting Controls & Theatrical LED Fixture Upgrades – Keller - \$75,000

Funding Source: Renewal & Replacement

This project will design and replace a portion of the audience chamber and stage lighting to take advantage of proven and readily available LED technology. The project will include some required improvements on the lighting controls, stage work lights, and in the ceiling of the audience chamber. This is an issue of saving energy costs and increasing patron/client enjoyment of the facilities. Project can be completed in FY 2016.

Cyclorama Light Fixture Conversion to LED - Newmark - \$75,000

Funding Source: Renewal & Replacement

This project will replace the stage cyclorama lighting fixtures with newer available LED technology. All cyclorama fixtures needed onstage consume significant amounts of power, require gel to color them, expensive bulbs (some of which are no longer made) and ongoing labor to maintain their heavy duty

electrical cabling. This is an opportunity to save energy, increase flexibility for our clients, and save in ongoing labor and material maintenance costs for the venue. Project can be completed in FY 2016.

Sound Console Replacement – Keller - \$50,000

Funding Source: Renewal & Replacement

This project is to replace the Keller Sound console. The current console is more than 20+ years old and has experienced failures in different portions of its circuitry and parts are becoming very difficult to acquire and source. This replacement is for both the operational efficiencies that come with more capable technology and avoiding the likelihood of more equipment failures with our sound equipment. This work can be completed in FY 16.

Sound Console Replacement - Winningstad - \$25,000

Funding Source: Renewal & Replacement

This project is to replace the Winningstad Sound console. The current console is more than 15 years old and has experienced failures in different portions of its circuitry and parts are becoming difficult to acquire and source. This replacement is for both the operational efficiencies that come with more capable technology and avoiding the likelihood of more equipment failures with our sound equipment. This work can be completed in FY 16.

Stairs/Guardrail Replacement - Keller \$40,000

Funding Source: Renewal & Replacement

This project will replace metal stairs to backstage entrance and guardrail at the parking pad directly above the backstage stairs. Current stairs are more than 50 years old, have improper or no handrails, and are very slippery and potentially dangerous to clients and our staff entering and exiting the building. The guardrail at the parking pad directly above the stairs and Keller Electrical Vault has been hit by vehicles a number of times and is leaning drastically and no longer serving its safety purpose. This work can be completed in FY16.

Main Speakers - Newmark - \$100,000

Funding Source: Renewal & Replacement

This project will replace fifteen year old main speakers built by stagehand staff onsite. Performance of a commercial modern system greatly exceeds our homemade speakers and the desire for our client base to have a more capable in-house speaker system would lower their costs for rental and additional labor needed to handle rental equipment.

Theatre Floor Replacement - Newmark/Winningstad - \$100,000

Funding Source: Renewal & Replacement

This project is to replace the top surface and repair and/or restore damaged areas of the sub-floor structure and traps to full working condition. The stage floors in these theaters are in need of significant attention to replace their surfaces and restore some failed areas in the subfloor that are creating difficulties for client enjoyment and stagehand safety. This work can be completed in FY 16.

Lighting System Overhaul Phase III - Newmark - \$130,000

Funding Source: Renewal & Replacement

This is the third of a three phase process to replace the production and house lighting systems from their current outdated systems to industry standard systems used throughout all of our other venues. This replacement is needed to overhaul a system that can no longer acquire replacement parts, uses a communication protocol that hasn't been industry standard for more than 20 years, and eliminates

additional points of potential failure in the regular operations of the system. We will be unable to stage shows without a fully operating production dimmer system that integrates with our control consoles and uses the technology readily available and known to all of our clients. This phase of work can be completed in FY 16.

Riser Replacement Project - Winningstad - \$65,000

Funding Source: New Business Strategy Reserves

This project will replace the 27 year old riser system in the Winningstad with an updated system with far greater flexibility for use, less materials to setup, and significantly less labor to convert the room from a traditional setup to a flat floor or otherwise. This work can be completed in FY 16.

14 Portable Concession Kiosks - All Theaters - \$168,000

Funding Source: Aramark Capital Contribution

These will allow fast self service grab and go food and beverage items for all venues and provide additional points of sale and shorter lines at full service bars. Perfect for small audience theaters like the Winningstad and Newmark where opening full service bars or kitchens would be cost prohibitive. Portability allows us to place them where they can best service the patron. Project work can be completed in FY16

North Concessions Stand Remodel - Keller - \$150,000

Funding Source: Aramark Capital Contribution

Project will remodel concession stand to provide additional points of sale as well as beer lines so kegs can be more cost effectively utilized.

1st Balcony Concessions Stand Remodel – Keller - \$30,000

Funding Source: Aramark Capital Contribution

Project will remodel concession stand to provide additional points of sale as well as beer lines so kegs can be more cost effectively utilized.

**Portland Expo Center
Capital Request
Fiscal Year 2016**

Portland Expo Center Capital Projects Funding Summary

Expo	Renewal Replacement	TLT Pooled	Aramark Capital	Total
Roof Repairs	467,500			467,500
Parking Lot Asphalt Repairs		60,000		60,000
HVAC		35,000		35,000
Scissor Lift - 30'		30,000		30,000
Wi-Fi Telecommunications Upgrade		30,000		30,000
VoIP Telecommunications		50,000		50,000
Security Cameras / Access Controls - (Phase 2 of 2)		50,000		50,000
Stacking Chairs - (Phase 2 of 3)		25,000		25,000
Connector - Glass Door & Concession Portables			115,000	115,000
Electronic Signage - Phase 2			170,000	170,000
Expo Subtotal	467,500	280,000	285,000	1,032,500

Expo Center Roof Repair - \$467,000

Funding Source – Renewal & Replacement Reserve

- \$7,500 in recommended and immediate repairs to Halls ABC per roofing report and review.
- \$30,000 in targeted repairs to fix leaks and issues on Hall D. Per report for Halls D & E.
- \$75,000 in a targeted analysis report and recommendation for the full barrel roof repair of Hall D
- \$5,000 for continued analysis for Solar integration with any new Hall D barrel roof.
- \$350,000 for Phase 1 of 2 for the Hall D barrel roof replacement.

Asphalt Repair, Maintenance and Study - \$60,000

Funding Source – MERC TLT Pooled Capital

- \$50,000 - Continuation of parking lot repairs, removal and standard maintenance. Removal and replacement of failing asphalt, to include seal coating of all areas Operations staff will continue to re-stripe the parking lots, walkways, ADA designation areas and safety notices internally.
- \$10,000 – Complete study and analysis of best approaches and ROI for asphalt repair strategy to include stormwater fee reduction strategies.
- Parking lot repairs will always be a part of basic R&R for the 52 acre Expo facility site. This amount has been consistent for past projects.

HVAC Analysis and Repair – \$35,000

Funding Source - *MERC TLT Pooled Capital*

- \$10,000 - Full analysis of all HVAC units and related systems. Planned and targeted strategy for review and replacement of all units.
- \$25,000 – Anticipated repair cost needs.

Scissor Lift – \$30,000

Funding Source - *MERC TLT Pooled Capital*

- New item for use by and for Operations for Natural Gas, Electrical, AV and many other uses. Currently an arrangement to use the Hollywood Lights lift is in place and needs to be addressed.
- Warranty included. Propane fleet.

WiFi Upgrades and Installation – \$30,000

Funding Source - *MERC TLT Pooled Capital*

- Continued expansion of WiFi opportunities on campus both for infrastructure and service.
- Outdoor application to serve indoor/outdoor events.

Plastic Flat Stacking Chairs (Phase 2 of 3) – includes forklift cart - \$25,000

Funding Source - *MERC TLT Pooled Capital*

- Phase 2 of 3 – Full replacement of folding, stacking chairs dating back to the Multnomah County operation. Chairs that we intend to replace match those used by Portland’5. This adds to a larger MERC pool available. Chairs hold well over 300 lbs in a safe and professional presentation. Final replacement needed.
- New chairs meet safety standards for today’s facilities.

Voice over IP (VoIP) / Phone System (Phase 2 of 2) - \$50,000

Funding Source - *MERC TLT Pooled Capital*

- Phase 2 of 2 – Full replacement of phone system and technology first installed in 1996.
- Current system is outdated and not supported. No upgrades or support assistance available other than OCC Telecommunications Manager. Upgrade will include major infrastructure, hardware and software package
- Voice over Internet Protocol is an initiative that is Metro-wide. Phase one will review hardware and connections relevant to Expo Center campus as well as initial purchases. Review of current and future needs as well as spin-off projects that are also related to this backbone infrastructure.

Security Cameras / Access Control Systems (Phase 2 of 2) - \$50,000

Funding Source - *MERC TLT Pooled Capital*

- Phase 2 of 2 – New system. The Expo Center does not currently have any security cameras or access controls to the facility. It has been an area that has been sorely lacking.
- OCC currently is undergoing an RFP for a similar service upgrade. Expo will have lessons learned from their process and plan on finding a system that can be accessed by the 24 hr. Security staff at the OCC console as needed. Access to the main doors of entry could be controlled by the Receptionist that is on duty rather than leaving the facility open and accessible to all.
- This project is related to the Voice over IP project led by Metro. Phase one (in VoIP) will review hardware and connections relevant to Expo Center campus that also reflect the possibilities for a security system.

- Audit of the ticketing process called for a security camera system as part of accounting best practices for the ticketing operation. Cameras would be both indoor and outdoor and accessible from the network.

Connector/Food Court improvement / New portable food carts for indoor / outdoor use - \$115,000

Funding Source – Aramark Capital

- Connector is the food destination for most of the largest events. Improvements to this area including a roll up door addition make it a more welcoming area to stay and eat.
- Expo has multiple food carts that are either from the Multnomah County operation or dated at or near 1996. While efforts to repurpose some of these carts makes for a good sustainable effort, it isn't always the best approach. Carts with proper casters and features that serve the direction of the operation are very much needed.
- Rolling cart could expand the use of show floor presence as well as use by the new Stormwater Greenwall between Halls D and E and outside the West Delta Bar and Grill.

Electronic Signage Project - \$170,000

Funding Source – Aramark Capital

- As continued from efforts in FY14 and FY15, this funding source makes it possible to add electronic signage in all concessions stands, lobbies and other common areas. Study and analysis for both indoor and outdoor efforts are appreciated.