
MERC Commission Budget Retreat

November 4, 2015
11:00 am

Oregon Convention Center
777 NE Martin Luther King Jr. Blvd.
VIP Suite B



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

www.oregonmetro.gov

 **Metro** | *Exposition Recreation Commission*

Budget Retreat Agenda

Meeting: Metro Exposition Recreation Commission Budget Retreat
Date: Wednesday, November 4, 2015
Time: 11:00 – 1:30 p.m.
Place: Oregon Convention Center VIP Suite B

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|--------------|-----------|--|--|
| 11:00 | 1. | <p>Goals for the day</p> <ul style="list-style-type: none"> • Discuss context of FY 2016-17 Budget and relationship between each venue's: <ul style="list-style-type: none"> ○ Financial Dynamics ○ Strategic Goals ○ Future Opportunities & Challenges • Understand funding options for Strategies, Opportunities, & Challenges • Identify budget topics and information of interest to the Commission | Robinson |
| 11:10 | 2. | <p>Budget Preparation</p> <ul style="list-style-type: none"> • FY 2016-17 Budget assumptions • FY 2016-17 Budget themes • Status Report: FY 2015-16 MERC Admin Budget Objectives | B. Rowe |
| 12:00 | 3. | <p>Lunch</p> | |
| 12:15 | 4. | <p>VENUE REPORTS</p> <p>Expo Center</p> <ul style="list-style-type: none"> • Expo Fund Forecast & Reserves (Rowe) • Strategic Goals • Status Report: FY 2015-16 Budget Objectives • Future Opportunities & Challenges <p>Portland's 5 Centers for the Arts</p> <ul style="list-style-type: none"> • P'5 Fund Forecast & Reserves (Rowe) • Strategic Goals • Status Report: FY 2015-16 Budget Objectives • Future Opportunities & Challenges <p>Oregon Convention Center</p> <ul style="list-style-type: none"> • OCC Fund Forecast & Reserves (Rowe) • Strategic Goals • Status Report: FY 2015-16 Budget Objectives • Future Opportunities & Challenges | <p>Rotchford</p> <p>Williams</p> <p>Cruickshank</p> |
| 1:25 | 4. | <p>Commission budget process FY 2015-16</p> <p>ADJOURN</p> | B. Rowe |

**MERC Administration
FY 2015-16 Key Budget Objectives Progress Report
November 4, 2015**

Execute the FOTA improvement implementation plan.

Status: IN PROGRESS

The FOTA project team has focused on two primary recommendations for program improvement: using intermediaries to improve the rate of FOTA hires and coordinating a community task force charged with updating the geographic boundaries and income thresholds of the program. In conjunction with Metro HR and the Office of Diversity, Equity and Inclusion, the FOTA project team explored the use of community based organizations (CBO) to improve Metro's outcomes in outreach and recruitment for employment of minority and under-served populations. It is anticipated that formal relationships will be established with one or more CBOs in FY 2015-16 if not sooner. The FOTA Task Force was convened in June and six meetings were held through October. A final report, including recommendations for updates to the program's geographic boundaries and income thresholds, will be presented to the MERC Commission and Metro Council in December or January.

Continue with phase II of the Expo Project and including financial analysis and stakeholder discussions.

Status: IN PROGRESS

The Expo project team, in collaboration with an internal advisory committee comprised of Metro executive leadership, conducted a comprehensive analysis of financial and business conditions relative to five facility investment scenarios. Results from the analysis shed light on the opportunities and challenges associated with investment at the Expo Center. Next steps include reviewing results with stakeholders, identifying areas for further study and determining a strategic direction for facility and business investment. It is anticipated that the Expo project team will begin conducting additional studies by the end of fiscal year 2015-16.

Provide a semi-annual Expo Project Phase II Progress Report to the MERC Commission.

Status: IN PROGRESS

The Expo project team presented an in-depth project update at the October 7th Commission meeting and a follow-up presentation at the November 4th Commission meeting. The project team expects to discuss key project milestones with the MERC Commission on an ongoing, regular basis.

Provide a semi-annual Portland's Project Progress Report to the MERC Commission.

Status: IN PROGRESS

A civil engineering firm – Cardno – conducted a facility conditions analysis (FCA) of P'5 facilities in the fall of 2015. Next steps include assessing FCA results and conducting a gap analysis to identify additional capital needs. Progress will be reported to the MERC Commission on a regular basis.

**Portland Expo Center
FY 2015-16 Key Budget Objectives Progress Report
November 4, 2015**

Create and develop new events and sponsorship and advertising opportunities to expand into new markets and conduct community outreach in a more diverse, equitable and inclusive manner.

Status: ON GOING

Without a dedicated budget-line, the Expo staff successfully created a 6-event drive-in movie series that proved very successful especially from a sponsorship revenue and community event development perspective. These events were created entirely in-house, engaged a diverse local community, and created new opportunities for varied events. The Expo continues to build its event development team and pursue new and diverse opportunities that sustain ROI and fill open and available dates that diversify the event calendar. Advertising opportunities have increased, but internal or external advertising sales assistance is needed to attain the revenue goals for on-site or website advertising.

Expand teambuilding and communication amongst Expo, Pacificwild and City Center staff. Develop understanding of revenue goals amongst all teams.

Status: ON GOING

Our internal team created, developed and executed the drive-in movie series. In doing so, all departments had opportunity and input to develop a series of events that was as much about cross-departmental team building as it was about presenting a public show. Prior to the drive-in kick-off, the team held a BBQ for all of the teams to enjoy their accomplishment. Inter-departmental communication continues to be a focus. Throughout the year, admin staff and operations teams transformed their work environments to a more positive and healthy atmosphere – something not attempted in over a decade. A series of meetings has been established for all managers with the MERC Finance Manager. Emphasis is revenue generation and continued efforts on expense mitigation.

Engage with the Metro Council on developing scenarios for the future of Expo and their options for implementation.

Status: IN PROGRESS, ON GOING

There have been a number of informational meetings with individuals and small groups of Metro Councilors at the outset of the Expo project and prior to the work of the internal team review of the Hunden report. Increased awareness about the Expo Center and its role within Metro's mission has grown over time. Several scenarios for Expo's future have been explored and a range of financial tools under review. Additional engagement is planned for December 2015 and beyond.

Engage in proactive measures to mitigate increased costs generated from Multnomah County Drainage District and Bureau of Environmental Services policy changes.

Status: IN PROGRESS, ON-GOING

Increased awareness and involvement for levee recertification issues have taken place. Metro's involvement in the Oregon Solutions program has been consistent for Expo and other properties. This long-term involvement will assist these region-wide issues over time. In the short-term, MCDD costs for Peninsula 1 continue to increase with added staffing and few immediate solutions to rising costs other than passing it on to the PENN1 district membership. Regarding the City of Portland's

BES stormwater fees, the coming fiscal year will be the final increased installments of 25% per year that will total over \$145,000 per year in stormwater fees for the property. A detailed overview of these issues and impacts has been prepared and awaits approval to move forward with a formal BES meeting. Stormwater mitigation on the property is on hold as ROI is not achievable without such investments decreasing these expenses.

**Portland'5 Centers for the Arts
FY 2015-16 Key Budget Objectives Progress Report
November 4, 2015**

Continue business development initiative via Portland'5 Presents events.

Status: IN PROGRESS, ON GOING

Portland'5 Presents has 24 performances booked thus far and anticipates having a total of 30 for the FY16. \$40,000 in advertising and sponsorships has been sold thus far with the main attraction being Portland'5's new program that not only showcases upcoming shows but includes considerable information about who and what P5 is. Co-presentation collaborations were established with the Portland Jazz Festival and Chamber Music Northwest. This fiscal year an educational component was begun to provide elementary school children a free opportunity to hear nationally celebrated musicians. Title 1 schools will be given the first chance to schedule their schools.

Continue to develop and implement a plan to address long term funding strategy for Portland'5.

Status: IN PROGRESS

Conversations with our liaison with the City of Portland has resulted in the language describing spectator facilities to more clearly call out the P5 venues. The City funded facility assessments of their spectator facilities this summer and included the Keller, Schnitzer and the Hatfield. We are currently reviewing the draft reports and waiting on final reports.

Continue implementation of the sponsorship kit for Portland'5 produced events.

Status: COMPLETE

Sponsorship kit was produced and generated \$40,000 in sponsorships and advertising. Very successful.

Continue to develop and implement revitalization plan for the Portland'5 Foundation.

Status: IN PROGRESS

The P5 Foundation recently contracted with a development consultant to work with them on a revitalization plan. The plan is scheduled to be complete in early 2016 and will include an action plan of next steps.

Seek opportunities for capital projects to advance green initiatives and lower operating costs.

Status: IN PROGRESS, ON GOING

Every capital project is viewed for potential green/energy savings opportunities. LED bulb replacement is ongoing throughout the venue-most recently in the Newmark Theatre. Low flow toilets and urinals are replacing older fixtures at the Schnitzer. An HVAC controls update at the Schnitzer will realize energy savings. Staff are being trained in the Energy Trust of Oregon's Strategic Energy Management program. This program helps us identify more opportunities to save operating dollars by educating the engineering team, staff and clients about our best opportunities to save costs. The program will also help identify and provide some funding for capital projects that will save on energy costs.

**Oregon Convention Center
FY 2015-16 Key Budget Objectives Progress Report
November 4, 2015**

Enhance sustainability programs through teamwork and partnerships with clients, vendors and staff to maintain current LEED certification.

Status: IN PROGRESS, ON-GOING

In addition to our waste diversion policy noted below, OCC continues to place a high value on our sustainability efforts. Most recently, this is displayed through the installation of a 2MW solar array on the facility roof. Additional projects in process include new lighting for the parking garage, ballrooms and towers. Further, we have contracted with Green Building Services to help us track our ongoing LEED recertification and ongoing building commissioning between now and recertification in 2019.

Monitor the progress of the newly implemented Be the Difference customer service staff training, recognition and assessment program.

Status: COMPLETE

We re-tooled the program a bit but are feeling maybe B the D has run its course. We are evaluating a new approach to employee recognition by assembling an employee work group to assist in this effort.

Develop master plan for OCC both interior and exterior of the facility (phase II FY 2015-16).

Status: IN PROGRESS

We have hired LMN Architects and are currently in process to develop this work. Additionally, we are pursuing a facility asset condition assessment that will concurrently inform our building infrastructure and mechanical system needs. Together, these projects will create a 15-20 year renewal and replacement plan.

Break ground on the convention center hotel project.

Status: IN PROGRESS

The HQH team has placed continued efforts in overcoming legal challenges, approach settlement and agreements with the opposition, and effectively issue \$60 million in bonds.

Complete North Plaza landscape renovation.

Status: ON HOLD

We have a design, but the project remains on hold until further progress on the HQH. The loss of partnership funding from the city means that the Holladay Green Street portion will not be accomplished.

Complete food and beverage renovations.

Status: IN PROGRESS

The OCC is currently in the process of re-designing Cucina Rossa into a brew pub concept. The construction work for the Stir annex is in the bid process. In addition, the OCC is looking at the ability to build an in-house Food Cart to provide guests the feeling of street vendor that is so well known in Portland.

Continue energy consumption reductions.

Status: IN PROGRESS, ON-GOING

Projects such as the solar system and lighting replacements will generate significant savings.

Implement Waste Diversion Policy.

Status: COMPLETE

This policy has been implemented in new contracts with compliance beginning January 1, 2016. To date, many contracts have been signed containing the new policy. Fiscal year 15-16 waste diversion goal is 70 percent.

Enhance OCC security procedures and training.

Status: IN PROGRESS

We have successfully upgraded our CCTV video monitoring system and security console area to provide more surveillance opportunities. Recent upgrades to our radio system include security features that allow security staff to concurrently monitor all channels. This fall, all managers participated in a "Trained Crowd Manager" certification. This training focused on evacuations, sheltering and public safety. Soon, the team will begin the second phase, which is venue specific. Additionally this winter, our Special Services Manager, Nick Brown, will participate in an Active Shooter seminar and work toward developing a protocol customized for OCC.

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



MERC Budget Retreat

November 4, 2015

Agenda

- Budget Retreat Goals
- Budget Preparation
 - Budget assumptions
 - Budget themes
- Venue Reports
 - 5 – Year forecast
 - Strategic goals
 - Budget objectives status report
 - Opportunities & challenges
- Commission budget process
- Adjourn



Goals for Today

- Understand financial context
 - Budget assumptions
 - Budget themes
- Understand strategic context
 - Strategic goals
 - Budget objectives
 - Opportunities & challenges
- Understand dynamic of strategies and funding options
 - Base budget topic = Base funding source
 - One-time strategy = One-time funding source
- Identify additional topics of interest



FY 2015 – 16 Budget Assumptions

Revenue	2015-16	2016-17
Charges for Services* - OCC	2.00%	-3.00%
Charges for Services* - Expo & P5	3.00%	3.00%
TLT – OCC	7.00%	7.00%
TLT – P5	2.26%	2.00%
MTOCA – OCC	320,000	420,000
MTOCA – Expo	280,000	180,000
Expenses		
COLA	2.65%	2.00%
Merit	2.00%	3.00%
Health & Welfare	8.00%	10.00%
PERS	17.07%	8.80%***
Consumer Price Index (CPI)**	2.65%	2.00%
Central Services Costs	5.00%	3.00%

*Charges for Services include: rent, services, admissions, food & beverage, & parking

**All other operating expenses inflated by CPI

***PERS is expected to increase double digits every 2 years

Budget Themes

Capital

1. OCC Hotel
2. Expo Project
3. Portland'5 Project
4. TLT Pooled Capital Forecast

Operating

5. Personnel Costs
 - Paid Sick Leave
 - Minimum Wage
 - Affordable Care Act
 - Labor Agreements
 - Class & Compensation Studies

Capital Budget Themes

1. OCC Hotel

- Legal process
- Revenue bonds financial close
- Hotel ground-breaking timeline
- Plaza project
- Facility master planning
- Facilities condition assessment

Capital Budget Themes

2. Expo Project

Expo Project takeaways:

- OCC Hotel is priority before Expo investment
- Deemphasize “medium” and “large” scenarios at this time
- Prefer to pursue financial tools under MERC /Metro purview for now
- Explore “hybrid” option
- Come back with information:
 - North Portland hotels – TLT data
 - Financial impacts of taking halls A&B offline
 - Estimated economic impact of “new build”
 - Opportunity cost of “new build” construction

Capital Budget Themes

2. Expo Project

Next Steps:

- Continue building business case for VFTA IGA (TLT) request (2018)
 - North Portland hotel / TLT data

- Continue building hybrid scenario scope of work
 - Identifying alignment with Metro/regional priorities
 - Identify complementary tenant uses to Expo business
 - Communication plan with Expo business clients
 - Market & financial feasibility analyses ≈ \$120K

- Discuss financial levers with MERC Budget Committee
- Presentation to Metro Council December 2015

Capital Budget Themes

3. Portland'5 Project

- P5 Facility Condition Assessment (FCA)
 - Waiting for final report from Cardno
 - Identify FCA gaps & required additional studies
- Quantify capital funding gap
 - Once all FCAs are complete, staff will quantify capital needs
- Develop facility asset management plan
 - Prioritize scope and scale of improvements - align capital, maintenance, and business needs
- Messaging and relationship with City of Portland
 - Frame messages, timing, and stakeholders for discussion

TLT Pooled Capital Fund Balance Forecast

- We received \$5.2M TLT Pooled Capital in FY 2015
- Beginning fund balance FY 2016 : \$7.0 million
- We expect an additional \$3 - \$5M in FY 2016



Operations Budget Themes

5. Personnel Costs

- Legislation
 - Paid Sick Leave – Effective January 1, 2016
 - Minimum Wage – not likely to take effect in CY 2016

- Affordable Care Act (ACA)
 - 2015 Impact – \$39,800, 2%
 - P5-58%, \$22,685, OCC-21%, \$8,525, Expo-21%, \$8,525
 - Impact of Cadillac Tax on Benefits
 - Impact expected to be ≈ \$100K Metro wide in FY 2018
 - Metro HR is working on analysis and mitigation

- Labor Agreement merges/changes
- Classification and Compensation Studies –in planning

Paid Sick Leave

Assumptions

- Impact January 1, 2015+
- Based on 0.05 /hr. accrual rate
- Assumes 40 hour max accrual
- Excludes PERS, Aramark contract

	Potential Fiscal Impact:
Zoo	\$ 70K - 300K
OCC	30K - 140K
Portland'5	25K - 110K
Expo	8K - 33K
	\$ 133K - 583K

Minimum Wage

Range variables:

- Min wage: \$11- \$15/hr.
- Excludes PERS, Aramark contract

Potential Fiscal Impact:	
Zoo	\$100K - \$ 3.7M
OCC	0 - 1.4M
Portland'5	0 - 1.1M
Expo	0 - 270K
Total:	\$100K - \$6.47M

Contract Labor Agreements

Expiration	Contract
June 30, 2015	ILWU Local 28 (security, med techs)
June 30, 2016	IATSE Local 28
NEW	IATSE Local 28-# (in negotiations)
June 30, 2016	IATSE Local B-20
June 30, 2017	AFSME 3580 desired to combine 3580-1 (Metro Regional Center)
Dec. 31, 2017	IUOE Local 701-1 (Maintenance Techs)
June 30, 2018	IUOE Local 701
June 30, 2018	LIUNA Local 483



MERC Admin FY 2015-16 Budget Objectives

- Execute the FOTA improvement implementation plan.
 - **In Progress**
- Continue with phase II of the Expo Project and including financial analysis and stakeholder discussions.
 - **In Progress**
- Provide a semi-annual Expo Project Phase II progress report to the MERC Commission.
 - **In Progress (Today)**
- Provide a semi-annual Portland'5 Project progress report to the MERC Commission.
 - **In Progress (Today)**



A photograph of the Portland Expo Center at dusk. The building has a curved, metallic facade that reflects the blue and orange light of the sky. In the foreground, there are trees with autumn-colored leaves and a covered walkway. A tall, illuminated sign on the left side of the building displays the word "expo" in a stylized, colorful font. The sky is a clear, deep blue.

Portland Expo Center

Expo Reserves

(\$ Thousands)

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	CAGR
Renewal & Replacement	60	930	930	820	480	290	
New Business Strategy	1,340	2,950	2,250	2,300	2,300	2,300	
Restricted	240	180	0	90	30	250	
Unassigned	4,010	680	1,130	730	570	320	
Expo Total	5,650	4,740	4,310	3,940	3,380	3,160	
\$ Change Y-O-Y	-100	-910	-430	-370	-560	-220	-432
% Change Y-O-Y	-2%	-16%	-9%	-9%	-14%	-7%	-11.0%



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Expo 5-Year Forecast Summary

(\$ Thousands)

	CAGR						CAGR	
	2010-2015	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2016-2021
Beginning Fund Balance	-10.1%	3,170	2,200	1,240	720	-120	-1,190	-151.0%
Event Revenue	2.4%	5,890	6,070	6,250	6,440	6,700	6,960	3.3%
Other	-7.2%	260	120	120	110	110	110	0.0%
Operating Revenues	4.2%	6,150	6,190	6,370	6,550	6,810	7,070	2.8%
Operating Expenditures	4.9%	5,320	5,530	5,750	5,980	6,240	6,500	4.3%
Net Operating (A)		830	660	620	570	570	570	-9.7%
Debt Service (until 2025)		1,190	1,180	1,180	1,180	1,180	1,180	
Operating Net of Debt Service (B)		-360	-520	-560	-600	-610	-610	
Capital								
Grants & Other		0	0	0	0	0	0	
TLT Pooled Capital		280	195	896	550	500	400	
Aramark Capital Contrib.		70	140	170	70	30	70	
Total Capital Revenue		350	340	1,070	620	530	470	
Total Capital Expenditures		960	780	1,020	860	1,000	550	
Net Capital (C)		-610	-440	50	-240	-470	-80	
Fund Balance Inc./ (Dec) (A+B+C)		-970	-960	-520	-840	-1,080	-690	
Ending Fund Balance		2,200	1,240	720	-120	-1,190	-1,880	



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Expo Strategic Goals

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

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

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

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



Current Year (2015-16) Budget Objectives

- Create and develop new events and sponsorship and advertising opportunities to expand into new markets and conduct community outreach in a more diverse, equitable and inclusive manner.
- **Ongoing**
- Expand teambuilding and communication amongst Expo, Pacificwild and City Center staff. Develop understanding of revenue goals amongst all teams.
- **Ongoing**
- Engage with the Metro Council on developing scenarios for the future of Expo and their options for implementation.
- **In Progress, Ongoing**
- Engage in proactive measures to mitigate increased costs generated from Multnomah County Drainage District and Bureau of Environmental Services policy changes.
- **In Progress, Ongoing**



Short – Term Opportunities & Challenges

Opportunities	Challenges
Cirque du Soleil in 2017	Cirque du Soleil tent event model changing
In-house produced events	Funding required to self-produce events
Proposal for Expo’s inclusion in the Visitor Facility Trust Account (VFTA) IGA	Funding required for studies. Political support and partnerships required.
Expand Expo awareness amongst political supporters	Inadequate funding sources to support infrastructure.
Continue improvements both on campus and on-line	Cosmetic improvement only assist so much.
Review sponsorship and paid advertising (banners/digital signage) – sales opportunities	Current staffing levels not adequate to support on-going opportunities.
Expand Stormwater Greenwall plaza into new food court / beer garden	Yearly storm water fee (BES) FY17 - \$146K/yr – ongoing



Long – Term Opportunities & Challenges

Opportunities	Challenges
Hybrid concept mixed-use campus analysis	Hybrid concept must work within the existing operational model.
Potential business transition from OCC	Facilities (Halls ABC) may be unsuitable for transitioning events.
Continued partnerships to enhance a future Expo campus.	Oregon Solutions cost impacts, Columbia River Crossing unknown.
Roof repairs may include solar opportunities	Solar study is expensive and requires the right partner
Naming rights, long-term sponsorships	Potential low valuation for naming rights or sponsorship



Budget Topics of Interest

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





Portland's 5 Centers for the Arts

Portland'5 Reserves

(\$ Thousands)

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	CAGR
Renewal & Replacement	1,000	5,600	5,600	5,430	6,310	6,870	
New Business Strategy	0	1,630	1,610	1,800	1,800	2,000	
Restricted	810	620	0	140	80	100	
Unassigned	7,200	650	1,240	1,660	1,660	1,660	
P5 Total	9,010	8,500	8,450	9,030	9,850	10,630	
\$ Change Y-O-Y	-30	-510	-50	580	820	780	265
% Change Y-O-Y	0%	-6%	-1%	7%	9%	8%	3.4%



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Portland'5 5-Year Forecast Summary

(\$ Thousands)

	CAGR						CAGR	
	2010-2015	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2016-2021
Beginning Fund Balance	1.7%	10,620	11,310	11,140	11,490	12,010	12,740	4.1%
Event Revenue	10.3%	13,340	13,740	14,150	14,570	15,010	15,460	3.0%
TLT	7.8%	1,340	1,370	1,400	1,430	1,460	1,500	2.3%
City of Portland Support	2.1%	860	870	890	910	930	960	2.2%
Other	-13.7%	380	430	440	450	470	480	2.2%
Operating Revenues	3.0%	15,920	16,400	16,880	17,370	17,870	18,390	2.9%
Operating Expenditures	6.0%	13,780	14,400	15,050	15,720	16,490	17,290	5.2%
Net Operating (A)		2,140	2,000	1,830	1,650	1,380	1,100	
Capital								
Portland'5 Foundation/Grants		0	0	0	0	0	0	
Aramark Capital Contribution		60	100	110	140	50	60	
Total Capital Revenue		60	100	110	140	50	60	
Total Capital Expenditures		1,500	2,270	1,600	1,260	700	900	
Net Capital (B)		-1,440	-2,170	-1,490	-1,120	-650	-840	
Fund Balance Inc./Dec (A+B)		690	-170	340	520	730	260	
Ending Fund Balance		11,310	11,140	11,490	12,010	12,740	13,000	



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P5 Strategic Goals

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

CUSTOMER SERVICE - Consistently deliver exceptional customer service

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

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



Current Year (2015-16) Budget Objectives

- Continue business development initiative via Portland'5 Presents events.
- **In Progress, Ongoing**
- Continue to develop and implement a plan to address long term funding strategy for Portland'5.
- **In Progress**
- Continue implementation of the sponsorship kit for Portland'5 produced events.
- **Complete**
- Continue to develop and implement revitalization plan for the Portland'5 Foundation.
- **In Progress**
- Seek opportunities for capital projects to advance green initiatives and lower operating costs.
- **In Progress, Ongoing**



Short – Term Opportunities & Challenges

Opportunities	Challenges
Presenting/co-promotions bring new revenue opportunities.	Staff resources not adequate to support presentations and increased event load.
Completed cost/revenue analysis of venues provides real view of subsidy levels by user group.	Financial health of major tenants is weak.
Marketing and sponsorship is growing now that there is dedicated personnel and more “real estate” to offer sponsors.	Portland’5 Foundation is languishing.
Aramark capital investment will increase F&B revenues.	Rising Central Services costs will add pressure to operating costs. (Communications, Finance, IS, HR, Legal)

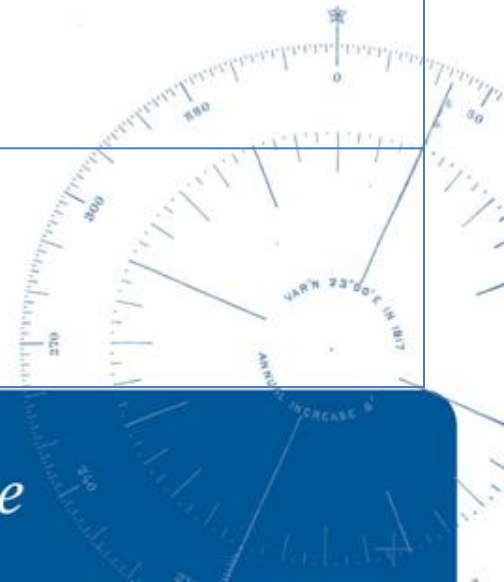
Short – Term Opportunities & Challenges

Opportunities	Challenges
<p>Portland’5 Foundation has begun revitalization process.</p>	
<p>Continued participation in PACSTATS and upcoming PACOPS will provide benchmarking stats that will keep us operationally sharp.</p>	



Long – Term Opportunities & Challenges

Opportunities	Challenges
<p>Presenting/co-promoting broadens business base so to avoid becoming overly dependant on any one type of business.</p>	<p>Very high level of subsidy for resident companies may not be sustainable long term.</p>
<p>Departmental reorganizations are showing efficiencies in costs with a higher level of maintenance.</p>	<p>Rising personnel costs.</p>
<p>Capital projects in recent years had a sustainability focus that will result in long-term operational savings.</p>	<p>Capital needs of aging venues will soon outstrip reserves.</p>
<p>Stronger relationship with the City of Portland has launched conversations around P5's capital needs.</p>	



Budget Topics of Interest

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





Oregon Convention Center

OCC Reserves

(\$ Thousands)

Fiscal Year Ending	2010	2011	2012	2013	2014	2015	CAGR
Renewal & Replacement	730	5,330	6,200	6,070	6,590	9,500	
New Business Strategy	0	520	680	1,330	1,330	1,820	
Restricted	5,660	1,380	0	520	610	1,020	
Unassigned	5,040	4,330	4,180	6,500	6,230	6,230	
OCC Total	11,430	11,560	11,060	14,420	14,760	18,570	
\$ Change Y-O-Y	550	130	-500	3,360	340	3,810	1,282
% Change Y-O-Y	5%	1%	-4%	30%	2%	26%	10.2%



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OCC 5-Year Forecast Summary

(\$ Thousands)

	CAGR							CAGR
	2010-2015	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2016-2021
Beginning Fund Balance	6.3%	18,570	18,600	18,730	22,130	24,580	25,900	6.9%
Operating Revenue								
Event Revenue	7.6%	24,510	23,780	23,780	24,490	25,720	27,000	2.0%
TLT	5.4%	10,190	10,900	11,660	12,480	13,350	14,290	7.0%
Other	11.3%	2,270	1,650	1,690	1,730	1,770	1,820	5.2%
Operating Revenues	8.5%	36,970	36,330	37,130	38,700	40,840	43,110	3.1%
Operating Expenditures	5.2%	32,110	32,970	34,020	35,110	36,340	37,610	3.9%
Net Operating (A)		4,860	3,360	3,110	3,590	4,500	5,500	34.3%
Capital								
Grants & Other		-	-	-	-	-	-	
Aramark Capital Contrib.		240	400	480	560	130	240	
MTOCA		110	420	420	420	420	420	
TLT Pooled Capital		540	0	2,750	0	0	400	
Total Capital Revenue		890	820	3,650	980	550	1,060	
Total Capital Expenditures		2,320	4,060	3,350	2,130	3,730	2,300	
Net Capital (B)		-1,430	-3,240	300	-1,150	-3,180	-1,240	
Hotel Development Exp. (C)		3,400	0	0	0	0	0	
Fund Balance Inc./ (Dec) (A+B-C)		-5,160	-5,160	120	3,400	2,450	1,330	
Ending Fund Balance		18,600	18,730	22,130	24,580	25,900	30,170	



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OCC Strategic Goals

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

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

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

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



Current Year (2015-16) Budget Objectives

- Enhance sustainability programs through teamwork and partnerships with clients, vendors and staff to maintain current LEED certification.
- **In Progress, Ongoing**
- Monitor the progress of the newly implemented Be the Difference customer service staff training, recognition and assessment program.
- **Complete**
- Develop master plan for OCC both interior and exterior of the facility (phase II FY 2015-16).
- **In Progress**
- Break ground on the convention center hotel project.
- **In Progress**



Current Year (2015-16) Budget Objectives

- Complete North Plaza landscape renovation.
- **On Hold**
- Complete food and beverage renovations.
- **In Progress**
- Continue energy consumption reductions.
- **In Progress, Ongoing**
- Implement Waste Diversion Policy.
- **Complete**
- Enhance OCC security procedures and training.
- **In Progress**



Short – Term Opportunities & Challenges

Opportunities	Challenges
<p>Increase parking revenues as parking becomes increasingly difficult to attain in our district and pricing increases.</p>	<p>Cooling economy or disruption due to civil unrest</p>
<p>OCC and Travel Portland are marketing an incentive for 2018 to increase bookings for that calendar year.</p>	<p>Hotel: Delay of Headquarters Hotel Funding provided to hotel project is still uncertain</p>
<p>Food and beverage retail operations being updated/changed (food carts, Cucina Rossa and stir)</p>	
<p>Increased ability to secure the OCC with upgraded access controls and cameras</p>	



Long – Term Opportunities & Challenges

Opportunities

Personnel:

Additional OCC Sales manager

Additional Catering Sales manager

Continued leadership development for OCC management team

Capital:

Full effect of latest lighting upgrades and solar array will be in place and operational with a savings in energy usage and reduction in costs

Challenges

Personnel:

Retirements/staff turnover

Audio Visual unionization impacts

Expiring Union Contracts AFSME, B20, IATSE

Growth in salaries and healthcare costs – may increase payroll budget \$750,000 in 2016-17

Capital:

Aging Mechanical system could impact reserves

Capital expenditures to prepare OCC for impending convention center hotel



Budget Topics of Interest

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



MERC Commission Budget Process

- November 4th – Budget Retreat
- December 16th – Focus on Capital Plans
- January 27th – Focus on Operations
- February 17th – Complete Budget
- March 2nd – Present to Commission
- March – Submit to COO and Metro Council



Questions?

Comments?



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

November 4, 2015
Oregon Convention Center, VIP Suite B

Present:	Elisa Dozono, Terry Goldman, Damien Hall, Judie Hammerstad, Deidra Krys-Rusoff, Ray Leary, Karis Stoudamire-Phillips
Absent:	
	The Work Session was opened by Metro Deputy COO, Scott Robinson, at 11:25 a.m.
1.	Scott Robinson provided opening remarks including a review of the budget and an overview of the session agenda.
2.	<p>Budget Themes - Capital Hotel: Scott Cruickshank presented points for the Hotel Project that will affect OCC’s FY2016/17 Budget including:</p> <ol style="list-style-type: none"> 1. Legal delays have resulted in delay of ground-breaking 2. Financial close has been pushed back <p>Expo Project: After a report on the project to date, Commissioners began discussion: Leary: Feedback from current vendors as to how the venue worked for them would be helpful. Robinson: That is planned. The next slide will note that we will work on a communication plan with Expo business clients Leary: We also need to look at the historical aspects of Expo Hall: Will need to discuss political aspect of Expo options Krys-Rusoff: Is it possible to use a “band-aid” approach until the bond is paid off. She noted uncertainty about the Hybrid option. Robinson: We can use interim tools but “doing nothing” is not an option. Hall: How accurate is the TLT forecast? There are many new hotels on the horizon. Goldman: It is still 2 years before new hotels are operating. TLT is cyclical; 2018 doesn’t look good. Cruickshank: Short term bookings have improved. Krys-Rusoff: is it possible to capture TLT from VRBO bookings? Cruickshank: Air BNB is subject to TLT/VRBO is subject only to state tax of 1% Goldman noted that in economic downturns, tax rates are usually lowered. Leary: Can we address Expo’s debt service? Robinson: Expo debt service has been re-financed once already. We don’t have other options unless Metro Council okays. Leary: Once OCC Hotel is secure, perhaps we could go forward with a request from the general fund? Robinson: General fund money would be a stretch. We will update Council on the Expo Project at a December 15th work session. Hammerstad suggestion: Change slide “Market & financial feasibility analysis” to read “Market, financial and political feasibility...”</p> <p>P’5 Project:</p> <ol style="list-style-type: none"> 1. Robyn Williams provided an update on the City’s facility assessment. Goldman noted that in 14 months the city will have a new mayor. Williams: Strength of commitment of mayor isn’t an issue. It is more of an issue with a staff member and

	<p>that relationship is beneficial.</p> <p>Dozono: Does the city realize it is capital investment that is at issue?</p> <p>Williams: Yes</p>
3.	<p>Venue Reports</p> <ul style="list-style-type: none"> • Expo Center <p>At the slide requesting topics of interest from the Commission, Ray Leary suggested that a request for money from Metro’s General Fund be added</p> • Portland’5 <ul style="list-style-type: none"> • Hammerstad requested an Opera update. • Williams reported that the schedule had changed in order to reach a wider audience. Opera is also using a smaller theater when possible, using Keller only for large shows. • Krys-Rusoff asked if the city’s physical assessment could be provided to the Commission before the end of budget season. • Leary asked how the P’5 Foundation is supporting P’5 • Williams stated that it is needed to raise funds for support of projects outside of structural needs. • Oregon Convention Center <ul style="list-style-type: none"> • Goldman requested a solar panel update • Cruickshank reported that they are working to resolve an issue regarding the shutdown of power in order to connect panels. Metro’s IS would be affected – need to solve for how to keep the IS system live during shutdown. • Leary requested that the OCC/Expo connection be explored. • Cruickshank stated that OCC’s business is mainly outside visitors while Expo’s is for local shows. Current practice for OCC is to accept local business on a tentative basis. Any local show requesting a 5-year contract will be told that they will be looking at the possibility of moving to Expo. The venues will work together to accommodate local groups – “you are contracting not with one or the other but with MERC venues”.
4.	<ul style="list-style-type: none"> • Rowe provided an update on the budget process through final approval by the Commission in March. <p>Meeting adjourned at 1:55 p.m.</p>