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Metro | *Exposition Recreation Commission*

MERC Budget Committee Meeting Agenda

Meeting: Metro Exposition Recreation Commission Budget Committee
Date: Wednesday, December 16, 2015
Time: 2:00 p.m. – 3:30 p.m.
Place: Metro Regional Center – Room 301

2:00 1. Introduction and Goals for the day Robinson

- Review November 4th Budget Retreat outcomes
- Goals for the day
 - Review Expo Project and provide general guidance
 - Review context and project status of current FY 2015-16 CIP
 - Provide direction & approval of projects and funding for FY 2016-17
 - Review dynamic of updated CIP and 5-Year Forecast

2:10 2. FY 2016 – 2021 Capital Plans Review Rowe/ Rotchford

Expo Center

- Expo Project financial levers discussion
- 2-year historical and current YTD CIP review
- 5-Year Capital Plan review
- Capital funding/revenue discussion
- Updated 5-Year Forecast & reserves review (Rowe)

Portland's 5 Centers for the Arts Rowe/ Williams

- 2-year historical and current YTD CIP review
- 5-Year Capital Plan review
- Capital funding/revenue discussion
- Updated 5-Year Forecast & reserves review (Rowe)

Oregon Convention Center Rowe/ Cruickshank

- 2-year historical and current YTD CIP review
- 5-Year Capital Plan review
- Capital funding/revenue discussion
- Updated 5-Year Forecast & reserves review (Rowe)

3:25 3. Commission budget process FY 2016-17 Rowe

ADJOURN

To help facilitate the MERC Capital Budget discussion on Wednesday December 16th, below are high level summaries and narrative of key elements of MERC’s 5-Year Capital Plan.

MERC Historical Capital Expenditures to Budget

MERC venues have averaged over a 74% budget expenditure rate over the previous three years and are on track to invest over \$18 million in the local economy in four years time. Achieving an over 74% Capital Plan budget expenditure ratio is very good compared to many other government agencies.

**MERC Capital Projects
Budget to Actual Expenditures
FY 2013 - 2016**

	2013		2014		2015		2016		
	Actual	% Budget	Actual	% Budget	Actual	% Budget	Budget	YTD Actual	% YTD Budget
MERC Admin	60,218	0%	286,959	98%	54,000	58%	-	-	0%
OCC	1,750,440	82%	2,712,266	79%	2,322,780	55%	3,966,400	253,213	15%
Portland 5	493,423	73%	643,700	70%	1,498,685	77%	3,156,100	496,425	37%
Expo	494,638	94%	962,510	82%	478,441	50%	1,361,000	191,120	33%
Merc Total	2,798,719	83%	4,605,435	79%	4,353,906	60%	8,483,500	940,758	26%

MERC Proposed 5-Year Capital Plan Summary

Below is a summary of the proposed MERC 5-Year Capital Plan representing over \$29 million investment in the local economy. Included in each venue’s section of this packet is a detailed list of proposed Capital projects for FY 2017-2021.

**MERC 5-Year Capital Plan
Summary**

	2016-17	2017-18	2018-19	2019-20	2020-21	Total
OCC	2,205,068	4,200,000	4,100,000	2,150,000	3,825,000	16,480,068
Portland'5	3,111,000	2,440,000	1,210,000	1,120,000	1,120,000	9,001,000
Expo	1,081,740	609,500	735,000	765,000	695,000	3,886,240
MERC Total:	6,397,808	7,249,500	6,045,000	4,035,000	5,640,000	29,367,308

MERC Proposed Capital Funding FY 2016-17

The MERC Fund has three major reserve accounts and two major external funding sources from which to fund capital projects. Included in each venue's section of this packet is a detailed list of FY 2017 projects and proposed funding from the following sources.

Renewal & Replacement Reserve

Each venue has a dedicated Renewal and Replacement (R&R) reserve within its individual fund. The R&R reserve is the general funding source for refurbishing buildings and replacing building systems such as roofs & HVAC systems that have fulfilled their useful life and equipment such as vehicles and audio visual equipment. The R&R reserve is funded with 90% of net operating revenues at the end of each fiscal year.

Business Strategy Reserve

Each venue has a dedicated New Capital and Business Strategy reserve within its individual fund. This reserve is for specific new (non replacement) capital items or strategic business opportunities requiring seed funding. The Business Strategy reserve is funded by 10% of net operating revenue at the end of each fiscal year.

Transient Lodging Tax (TLT) Pooled Capital

The TLT Pooled Capital reserve is held collectively at the MERC Fund level and allocated to OCC and Expo each year for specific projects. The MERC Commission decides how much TLT Pooled Capital to allocate to OCC and Expo each year during the Budget process. TLT Pooled Capital is funded by any excess of TLT receipts over OCC and Portland's year over year increase caps of 7% and CPI(*) respectively. In Fiscal Year (FY) 2012-13 this excess was \$1,066,283, in FY 2013-14 it was \$1,923,697, and in FY 2014-15 it was \$5,241,920. The TLT Pooled Capital Reserve balance is currently \$7.0 million. (*Portland-Salem, 2nd half Calendar Year, June – December, Consumer Price Index (CPI), two years prior)

Aramark Capital Contribution

Part of the negotiated five-year agreement with Aramark is a cash capital contribution. MERC renewed its partnership with Aramark in 2014, negotiating a phased capital contribution as follows: \$1 million – September 2014, \$750,000 – July 2015, \$750,000 – July 2016, and \$250,000 – January 2017 if the OCC Hotel construction has begun.

Metropolitan Tourism Opportunity and Competiveness Account (MTOCA)

The MTOCA is an annual transfer from the General Fund to OCC and Expo for specific projects that will yield demonstrable marketing advantages like sustainability, the OCC Hotel Project and facility enhancements. The Metro Council has full discretion to allocate any amount to either or both OCC and Expo each fiscal year. The MTOCA transfer amount has been budgeted at \$600,000 the prior two years and is tentatively planned to be \$600,000 in FY 2017 as well. OCC traditionally receives \$420,000 annually and uses this funding for Capital projects. Expo traditionally receives \$180,000 annually and uses it for operational maintenance and marketing programs and for this reason is not included in the Capital Budget discussion.

Below is a summary table of proposed funding sources of FY 2017 Capital projects. The forecasted beginning fund balance at the bottom of the table represents the forecasted FY 2017 beginning account balance for each reserve account. The 2017 forecasted ending balance represents the FY 2017 ending account balance assuming zero net operations and the proposed Capital Plan is 100% expended.

**MERC Capital Funding Matrix
FY 2017**

	MERC Funding			External Funding		Total
	Renewal Replacemen	Business Strategy	TLT Pooled	Aramark Capital	MTOCA (General	
OCC	1,330,068	180,000	375,000	-	320,000	2,205,068
Portland'5	3,051,000	-	-	60,000	-	3,111,000
Expo	386,740	10,000	620,000	125,000	-	1,141,740
MERC Total:	4,767,808	190,000	995,000	185,000	320,000	6,457,808
2017 Forecasted Beginning Balance	17,372,004	6,123,521	7,003,338	559,123	320,000	31,377,986
2017 Forecasted Ending Balance	12,604,196	5,933,521	6,008,338	374,123	-	24,920,178

Impact to the MERC 5-Year Forecast

At the November 4th 2015 MERC Budget Retreat, the MERC Finance Manager shared with the Commission the 5-Year Financial Forecast for each venue. Included in each venue's section of this packet is an updated 5-Year forecast summary with revised 5-Year Capital Plan expenditures. Below is a summary of the impact the proposed 5-Year Capital Plan has on each venue's fund balance.

**MERC 5-Year Forecast
Ending Fund Balance**

	Forecast					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
OCC	18,600,000	20,290,000	19,430,000	22,720,000	24,930,000	26,560,000
Portland 5	11,310,000	9,790,000	8,770,000	8,810,000	8,580,000	8,060,000
Expo	2,200,000	1,260,000	330,000	-610,000	-1,530,000	-2,350,000
MERC Total:	32,110,000	31,340,000	28,530,000	30,920,000	31,980,000	32,270,000

Oregon Convention Center
5-Year Capital Plan
FY 2017-2021

Project Type/ Description	2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Building Refurbishment & Food & Beverage							
Drinking Fountain Replacement	175,000					175,000	
Administrative & Guest Services Office Carpet Replacement	95,000					95,000	
Electrcial/Engineer Workspace Remodel	35,000					35,000	
Facility Carpet Replacement - (Ballrooms, Meeting Rooms, Lobbies)		2,300,000				2,300,000	
Orbit Café Concession Remodel		350,000				350,000	
Built in Catering Bars		100,000				100,000	
Original Facility Restroom Renovation			1,750,000			1,750,000	
Oregon Ballroom Renovation			1,500,000			1,500,000	
SkyView Remodel			400,000			400,000	
Building Refurbishment Subtotal:	305,000	2,750,000	3,650,000	-	-	6,705,000	41%
HVAC							
HVAC System Replacement - Design/Consulting (Heating/Cooling System)			200,000			200,000	
Boiler Replacement				975,000		975,000	
Chiller Unit Replacement (one 250 ton and three 800 ton)					1,750,000	1,750,000	
Cooling Tower Replacement (four cooling towers)					975,000	975,000	
HVAC Subtotal:	-	-	200,000	975,000	2,725,000	3,900,000	24%
Equipment							
Audio Visual Equipment Purchase	150,000					150,000	
Performance Stage ADA Ramp	16,500					16,500	
Utility Cart & Tug Purchase	15,000					15,000	
Meeting Room/Ballroom Chair Replacement - (10,000 chairs)		960,000				960,000	
Kitchen Food Digester		140,000				140,000	
Public Circulation Furniture Replacement			250,000			250,000	
Table Replacement (Expansion Side of Facility)				575,000		575,000	
Exhibit Hall Folding Chair Replacement - (12,000 chairs)					1,100,000	1,100,000	
Equipment Subtotal:	181,500	1,100,000	250,000	575,000	1,100,000	3,206,500	19%
Electrical & Lighting Systems							
CCTV Digital Camera Upgrade	450,000					450,000	
Mass Notification & EST-3 Fire Alarm Notification Upgrades	375,000					375,000	
VOIP Implementation - Telecommuincations Upgrade	313,568					313,568	
WiFi & Show Network Upgrade	170,000					170,000	
Network OM4 Fiber Upgrade	130,000					130,000	
Alerton Global Controller & Software Upgreade	70,000					70,000	
Telecom MDF Fire Suppression Upgrade	55,000					55,000	
Lighting Control System Consulting	25,000					25,000	
Meeting Room & Ballroom Digital Signage		350,000				350,000	
External Digital Signage Replacement				600,000		600,000	
Electrical Subtotal:	1,588,568	350,000	-	600,000	-	2,538,568	15%
Facility Enhancements							
Cardboard Baler & Canopy	130,000					130,000	1%
Grand Total:	2,205,068	4,200,000	4,100,000	2,150,000	3,825,000	16,480,068	100%

**MERC CIP Funding Matrix
FY 2017**

	MERC Funding			External Funding		Total
	Renewal Replacement	Business Strategy	TLT Pooled	Aramark Capital	MTOCA General Fund	
OCC						
Electrical & Lighting Systems						
VOIP Implementation	313,568					313,568
Upgrade	130,000					130,000
Camera Upgrade	450,000					450,000
Mass Notification & EST-3 Fire Alarm System Consulting	25,000		375,000			375,000
Suppression	55,000					55,000
Network Upgrade					170,000	170,000
Building Refurbishment						
Administrative & Guest	95,000					95,000
Replacement	175,000					175,000
Controller & Workspace Remodel	70,000	35,000				35,000
Facility Enhancements						
Canopy		130,000				130,000
Equipment						
ADA Ramp	16,500					16,500
Purchase		15,000				15,000
Equipment Purchase					150,000	150,000
	1,330,068	180,000	375,000	-	320,000	2,205,068

Oregon Convention Center
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	20,290	19,430	22,720	24,930	6.1%
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%	2,260	1,650	1,690	1,730	1,770	1,820	5.2%
Operating Revenues	8.5%	36,960	36,330	37,130	38,700	40,840	43,110	3.1%
Operating Expenditures	5.2%	32,110	33,520	34,590	35,690	36,930	38,220	4.2%
Net Operating (A)		4,850	2,810	2,540	3,010	3,910	4,890	31.2%
Capital								
Grants & Other		-	-	-	-	-	-	
Aramark Capital Contrib.		240	400	480	560	130	240	
MTOCA		110	320	320	320	320	320	
TLT Pooled Capital		540	380	0	3,500	0	0	
Total Capital Revenue		890	1,090	800	4,380	450	560	
Total Capital Expenditures		2,320	2,210	4,200	4,100	2,150	3,830	
Net Capital (B)		-1,430	-1,120	-3,400	280	-1,700	-3,270	
Hotel Development Exp. (C)		3,400	0	0	0	0	0	
Fund Balance Inc./((Dec) (A+B-C)		-5,160	-5,160	1,700	-860	3,290	2,210	
Ending Fund Balance		18,600	20,290	19,430	22,720	24,930	26,560	

Portland'5 Centers for the Arts
5-Year Capital Plan
FY 2017-2021

Facility / Project Description	2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Keller							
Roof & Drains--full tear off and replacement	1,036,000					1,036,000	
Exterior Pre-Cast concrete panel repairs	500,000					500,000	
Main Switchgear	25,000	300,000				325,000	
Electrical Panels (w/ switchgear)	25,000	300,000				325,000	
Backstage Dressing Tower Elevator Overhaul		260,000				260,000	
Entry Doors Replacement		50,000				50,000	
HVAC Controls Upgrades			350,000			350,000	
Carpet--Front of House			150,000			150,000	
Stage HVAC Improvements			100,000			100,000	
Monitors			25,000			25,000	
Amplifiers			50,000			50,000	
Main Speakers			125,000			125,000	
Stage Pit Lifts Overhaul (2)				250,000		250,000	
FOH Elevators Overhaul (2)					520,000	520,000	
Keller Subtotal:	1,586,000	910,000	800,000	250,000	520,000	4,066,000	45%
Schnitzer							
Portland Sign--Structural, Architectural, Electrical	360,000					360,000	
Shell Rigging Overhaul	150,000					150,000	
Backstage Entry Door Replacement	30,000					30,000	
Chiller/Cooling Tower & Associated Piping		350,000				350,000	
Main Curtain		50,000				50,000	
Roof Drains		100,000				100,000	
Audience Chamber Lighting Update to LED		100,000				100,000	
Broadway Marquee		150,000		160,000		310,000	
Park Street Marquee		100,000		150,000		250,000	
Seat cushion/fabric replacement		60,000	60,000			120,000	
Backstage Dressing Tower Elevator Overhaul			240,000			240,000	
Aerial Work Platform (Genie Lift)			20,000			20,000	
Backstage Elevator Overhaul				180,000		180,000	
FOH Elevators Overhaul (2)					250,000	250,000	
Schnitzer Subtotal:	540,000	910,000	320,000	490,000	250,000	2,510,000	28%
Hatfield Hall							
FOH Elevators Overhaul (2)	480,000					480,000	
Brunish Deck Replacement	25,000					25,000	
Fire Alarm System	175,000					175,000	
Lighting System Overhaul FOH/Controls	80,000					80,000	
LED PAR Theatrical fixtures	15,000					15,000	
ArtBar back bar replacement	30,000					30,000	
ArtBarista remodel	30,000					30,000	
Storage Racking Systems - Basement & NMK		100,000				100,000	
Brunish Theatre Electrical Improvements		50,000				50,000	
Brunish Dressing Room Build-Out		30,000				30,000	
Rotunda Carpet Replacement		50,000				50,000	
Lobby Storefront Doors Replacement		40,000				40,000	
Demand Control Ventilation/Variable Air Volume			15,000	100,000		115,000	
Freight Elevator Overhaul				80,000		80,000	
Roof				200,000		200,000	
EIFS Replacement Phase III (Rooftop parapets &					350,000	350,000	
Hatfield Hall Subtotal:	835,000	270,000	15,000	380,000	350,000	1,850,000	21%
Portland'5 All Facilities / Equipment							
Building Re-Key + key controls software	50,000					50,000	
IP Phone System	100,000					100,000	
Operations Dept/NMK		150,000				150,000	
Access Control/CCTV replacement		200,000				200,000	
Aerial Work Platform (Genie Lift)			20,000			20,000	
Aerial Work Platform (Genie Lift)			20,000			20,000	
Monitors & Associated Equipment			35,000			35,000	
All Facilities / Equipment Subtotal:	150,000	350,000	75,000	-	-	575,000	6%
Grand Total:	3,111,000	2,440,000	1,210,000	1,120,000	1,120,000	9,001,000	100%

Portland'S Centers for the Arts
5-Year Capital Plan
FY 2017-2021

Project Type / Description	Location	2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Roofing								
Roof & Drains--full tearoff and replacement	Keller	1,036,000					1,036,000	
Roof Drains	ASCH		100,000				100,000	
Roof	AHH				200,000		200,000	
EIFS Replacement Phase III (Rooftop parapets &	AHH					350,000	350,000	
Roofing Subtotal:		1,036,000	100,000	-	200,000	350,000	1,686,000	19%
HVAC								
Chiller/Cooling Tower & Associated Piping	ASCH		350,000				350,000	
HVAC Controls Upgrades	Keller			350,000			350,000	
Stage HVAC Improvements	Keller			100,000			100,000	
Demand Control Ventilation/Variable Air Volume	AHH			15,000	100,000		115,000	
HVAC Subtotal:		-	350,000	465,000	100,000	-	915,000	10%
Elevators								
FOH Elevators Overhaul (2)	AHH	480,000					480,000	
Backstage Dressing Tower Elevator Overhaul	Keller		260,000				260,000	
Backstage Dressing Tower Elevator Overhaul	ASCH			240,000			240,000	
Stage Pit Lifts Overhaul (2)	Keller				250,000		250,000	
Backstage Elevator Overhaul	ASCH				180,000		180,000	
Freight Elevator Overhaul	AHH				80,000		80,000	
FOH Elevators Overhaul (2)	Keller					520,000	520,000	
FOH Elevators Overhaul (2)	ASCH					250,000	250,000	
Elevators Subtotal:		480,000	260,000	240,000	510,000	770,000	2,260,000	25%
Electrical & Lighting Systems								
IP Phone System	AHH/KA/ASCH	100,000					100,000	
Main Switchgear	Keller	25,000	300,000				325,000	
Electrical Panels (w/ switchgear)	Keller	25,000	300,000				325,000	
Fire Alarm System	AHH	175,000					175,000	
Lighting System Overhaul FOH/Controls	NMK/Winni	80,000					80,000	
LED PAR Theatrical fixtures	Winningstad	15,000					15,000	
Building Re-Key + key controls software	AHH/ASCH/Keller	50,000					50,000	
Audience Chamber Lighting Update to LED	ASCH		100,000				100,000	
Brunish Theatre Electrical Improvements	AHH		50,000				50,000	
Access Control/CCTV replacement	AHH/ASCH/Keller		200,000				200,000	
Lighting & Electrical Subtotal:		470,000	950,000	-	-	-	1,420,000	16%
Equipment								
Storage Racking Systems - Basement & NMK	AHH		100,000				100,000	
Main Curtain	ASCH		50,000				50,000	
Monitors	Keller			25,000			25,000	
Amplifiers	Keller			50,000			50,000	
Main Speakers	Keller			125,000			125,000	
Aerial Work Platform (Genie Lift)	ASCH			20,000			20,000	
Aerial Work Platform (Genie Lift)	Keller			20,000			20,000	
Aerial Work Platform (Genie Lift)	Newmark			20,000			20,000	
Monitors & Associated Equipment	Newmark			35,000			35,000	
Equipment Subtotal:		-	150,000	295,000	-	-	445,000	5%
Building Refurbishment & Food & Beverage								
Exterior Pre-Cast concrete panel repairs	Keller	500,000					500,000	
Portland Sign--Structural, Architectural, Electrical	ASCH	360,000					360,000	
Shell Rigging Overhaul	ASCH	150,000					150,000	
Backstage Entry Door Replacement	ASCH	30,000					30,000	
Brunish Deck Replacement	AHH	25,000					25,000	
ArtBar back bar replacement	AHH	30,000					30,000	
ArtBarista remodel	AHH	30,000					30,000	
Brunish Dressing Room Build-Out	AHH		30,000				30,000	
Rotunda Carpet Replacement	AHH		50,000				50,000	
Lobby Storefront Doors Replacement	AHH		40,000				40,000	
Operations Dept/NMK Improvements/Renovations	AHH/ASCH/Keller		150,000				150,000	
Entry Doors Replacement	Keller		50,000				50,000	
Seat cushion/fabric replacement (Phase I & II)	ASCH		60,000	60,000			120,000	
Broadway Marquee	ASCH		150,000		160,000		310,000	
Park Street Marquee	ASCH		100,000		150,000		250,000	
Carpet--Front of House	Keller			150,000			150,000	
Facility Refurb Subtotal:		1,125,000	630,000	210,000	310,000	-	2,275,000	25%
Grand Total:		3,111,000	2,440,000	1,210,000	1,120,000	1,120,000	9,001,000	100%

MERC CIP Funding Matrix

FY 2017

	MERC Funding			External Funding		Total
	Renewal Replacement	Business Strategy	TLT Pooled	Aramark Capital	MTOCA General Fund	
Portland'5 Centers for						
Roofing						
Roof & Drains--full	1,036,000					1,036,000
Elevators						
FOH Elevators	480,000					480,000
Electrical & Lighting						
IP Phone System	100,000					100,000
Main Switchgear	25,000					25,000
Electrical Panels (w/	25,000					25,000
Fire Alarm System	175,000					175,000
Lighting System	80,000					80,000
LED PAR Theatrical	15,000					15,000
Building Re-Key +	50,000					50,000
Building Refurbishment						
Exterior Pre-Cast	500,000					500,000
Portland Sign--	360,000					360,000
Shell Rigging	150,000					150,000
Backstage Entry	30,000					30,000
Brunish Deck	25,000					25,000
ArtBar back bar				30,000		30,000
ArtBarista remodel				30,000		30,000
Portland'5 Total:	3,051,000	-	-	60,000	-	3,111,000

Portland'5 Centers For The Arts
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	9,790	8,770	8,810	8,580	-2.2%
Operating Revenue								
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	440	450	470	480	490	2.3%
Operating Revenues	3.0%	15,920	16,420	16,890	17,380	17,880	18,410	2.9%
Operating Expenditures	6.0%	13,780	14,920	15,580	16,270	17,050	17,860	5.9%
Net Operating (A)		2,140	1,500	1,310	1,110	830	550	
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	3,110	2,440	1,210	1,120	1,120	
Net Capital (B)		-1,440	-3,010	-2,330	-1,070	-1,070	-1,060	
Fund Balance Inc./ (Dec) (A+B)		690	-1,520	-1,020	40	-240	-520	
Ending Fund Balance		11,310	9,790	8,770	8,810	8,580	8,060	

**Portland Expo Center
5-Year Capital Plan
FY 2017-2021**

Project Type/ Description	2016-17	2017-18	2018-19	2019-20	2020-21	Total	
Roofing							
Halls ABC Roofs - Minor Repairs	10,000	15,000	10,000	10,000	10,000	55,000	
Hall D Roof - Barrel	350,000					350,000	
Solar Project	100,000					100,000	
Hall C Roof - Recoat		125,000				125,000	
Hall E Roof - Barrel			525,000	525,000		1,050,000	
Hall E Roof - Lobby, Loading Dock & Connector					375,000	375,000	
Roofing Subtotal:	460,000	140,000	535,000	535,000	385,000	2,055,000	48%
HVAC							
HVAC Analysis, Maint. & Repair	135,000				135,000	270,000	
Hall C MAU Retrofit / Exhaust fans	15,000	20,000				35,000	
Hall Exhaust Fans	10,000	20,000				30,000	
HVAC Subtotal:	160,000	40,000	-	-	135,000	335,000	8%
Building Refurbishment							
Parking Lot Asphalt Repairs	60,000	60,000	160,000	60,000	60,000	400,000	
Voice Over IP (VoIP) System	70,740					70,740	
Facility Assessment/ Capital Planning	20,000					20,000	
Hall A Carpet & Paint	100,000					100,000	
Hall A EXPO sign	25,000					25,000	
Water Efficiency Upgrades	46,000	34,000				80,000	
Neon Sign Tower Painting & Maintenance		30,000				30,000	
Parking Lot Lighting Replacement		25,000	25,000			50,000	
Hall ABC Exterior Paint - 15' and above		120,000				120,000	
Hall ABC Interior Paint			120,000			120,000	
Halls D/E Geo Tech Study				25,000		25,000	
Building Refurbishment Subtotal:	321,740	269,000	305,000	85,000	60,000	1,040,740	24%
Equipment							
Plastic / Flat Stacking Chairs	25,000					25,000	
Scaffolding	10,000					10,000	
Radio Replacement	10,000	10,000	10,000	20,000		50,000	
Table Replacements		50,000				50,000	
Stage Barricade / Bike Rack		10,000	10,000			20,000	
ABC sound system replacement			35,000			35,000	
Tractor				35,000		35,000	
Electrical Equipment purchase				150,000		150,000	
Pipe and Drape /Table drape and linen					125,000	125,000	
Equipment Subtotal:	45,000	70,000	55,000	205,000	125,000	500,000	12%
Facility Enhancements							
Electronic Signage	125,000					125,000	
Landscaping Entry(Expo,Force,Marine)	30,000					30,000	
Cirque Improvements		30,500				30,500	
Fencing Marine Drive		20,000				20,000	
Wi-Fi Upgrade					50,000	50,000	
Facility Enhancements Subtotal:	155,000	50,500	-	-	50,000	255,500	6%
Special Projects							
ADA Compliance Assessment		100,000				100,000	2%
Grand Total:	1,141,740	669,500	895,000	825,000	755,000	4,286,240	100%

**MERC CIP Funding Matrix
FY 2017**

	MERC Funding			External Funding		Total
	Renewal Replacement	Business Strategy	TLT Pooled	Aramark Capital	MTOCA General Fund	
Expo						
Roofing						
Minor Repairs			10,000			10,000
Hall D Roof - Barrel			350,000			350,000
Solar Project			100,000			100,000
HVAC						
Maint. & Repair			135,000			135,000
/ Exhaust fans			15,000			15,000
Hall Exhaust Fans			10,000			10,000
Building Refurbishment						
Parking Lot Asphalt	60,000					60,000
Voice Over IP (VoIP)	70,740					70,740
Facility	20,000					20,000
Hall A Carpet &	100,000					100,000
Hall A EXPO sign	25,000					25,000
Water Efficiency	46,000					46,000
Equipment						
Plastic / Flat	25,000					25,000
Radio Replacement	10,000					10,000
Scaffolding		10,000				10,000
Facility Enhancements						
Landscaping	30,000					30,000
Electronic Signage				125,000		125,000
Expo Total:	386,740	10,000	620,000	125,000	-	1,141,740

Portland Expo Center
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	1,260	330	-610	-1,530	-170.9%
Operating Revenue								
Event Revenue	2.4%	5,890	6,070	6,250	6,440	6,700	6,960	3.3%
MTOCA		280	280	280	280	280	280	
Other	-7.2%	-20	-60	-60	-70	-70	-70	0.0%
Operating Revenues	4.2%	6,150	6,290	6,470	6,650	6,910	7,170	3.1%
Operating Expenditures	4.9%	5,320	5,670	5,890	6,130	6,390	6,660	4.8%
Net Operating (A)		830	620	580	520	520	510	-11.5%
Debt Service (until 2025)		1,190	1,180	1,180	1,180	1,180	1,180	
Operating Net of Debt Service (B)		-360	-560	-610	-650	-660	-660	
Capital								
Grants & Other		0	0	0	0	0	0	
TLT Pooled Capital		280	620	180	535	535	520	
Aramark Capital Contrib.		70	140	170	70	30	70	
Total Capital Revenue		350	760	350	600	570	590	
Total Capital Expenditures		960	1,140	670	900	830	760	
Net Capital (C)		-610	-380	-320	-290	-260	-160	
Fund Balance Inc./(Dec) (A+B+C)		-970	-940	-920	-940	-920	-830	
Ending Fund Balance		2,200	1,260	330	-610	-1,530	-2,350	

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





Financial Dynamics

- key elements -

(1) Event revenue

(1) **Operating revenue & expense growth**

- Revenue *CAGR is **1.7%** (2009-2014)
- Expense *CAGR is **2.6%** (2009-2014)
- Portland – Salem CPI CAGR **2.1%** (2009-2014)

(2) MTOCA revenue & excise tax expense

(3) Net operating income & annual debt service

(4) Capital program expense, TLT pooled capital revenue and reserves

*CAGR = Compound Annual Growth Rate

Financial Dynamics

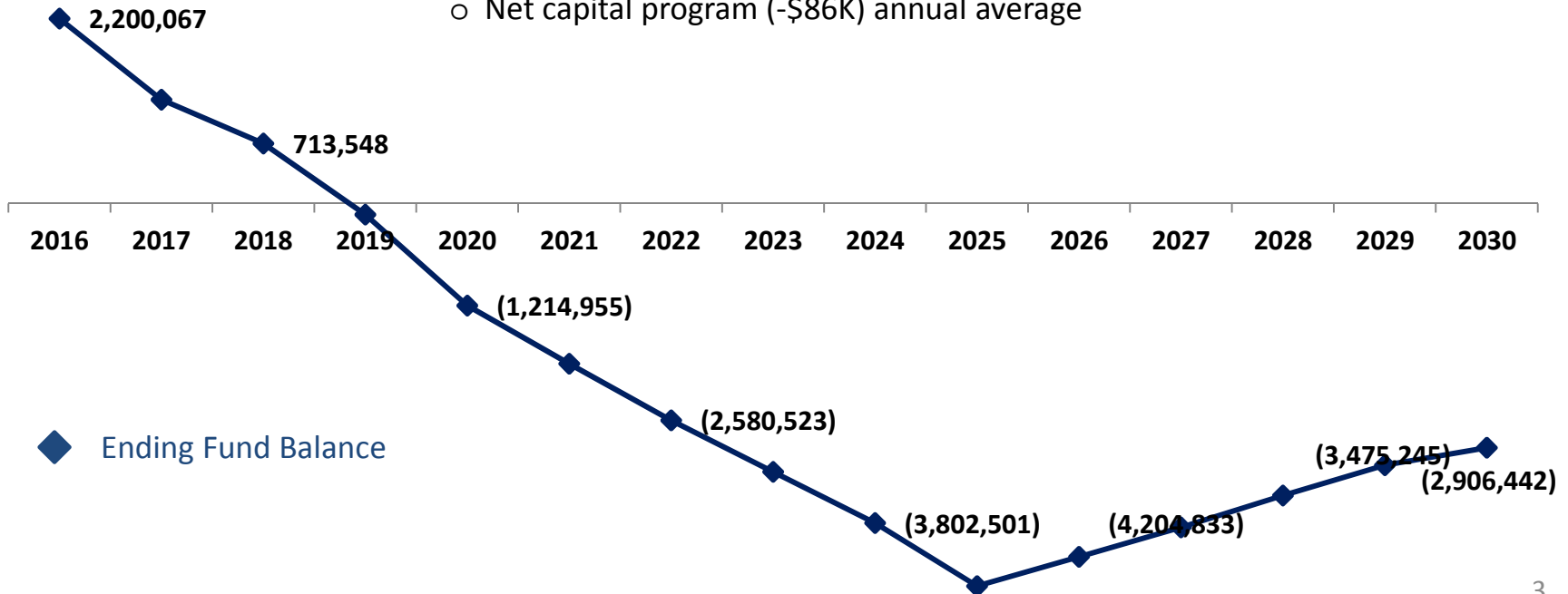
- status quo -

Operations

- Event revenue **2.9%**, operating expense **3.4% CAGR**
- MTOCA annual contribution **\$180K**
- Excise Tax intact as-is (7.5%)
- 2006 \$1.2 million debt service intact as-is, expires 2025

Capital

- Capital program expense \$615K annual average
 - Aramark Capital Contribution \$95K annual average
 - TLT Pooled Capital revenue \$430K annual average
 - Net capital program (-\$86K) annual average



Internal Financial Levers

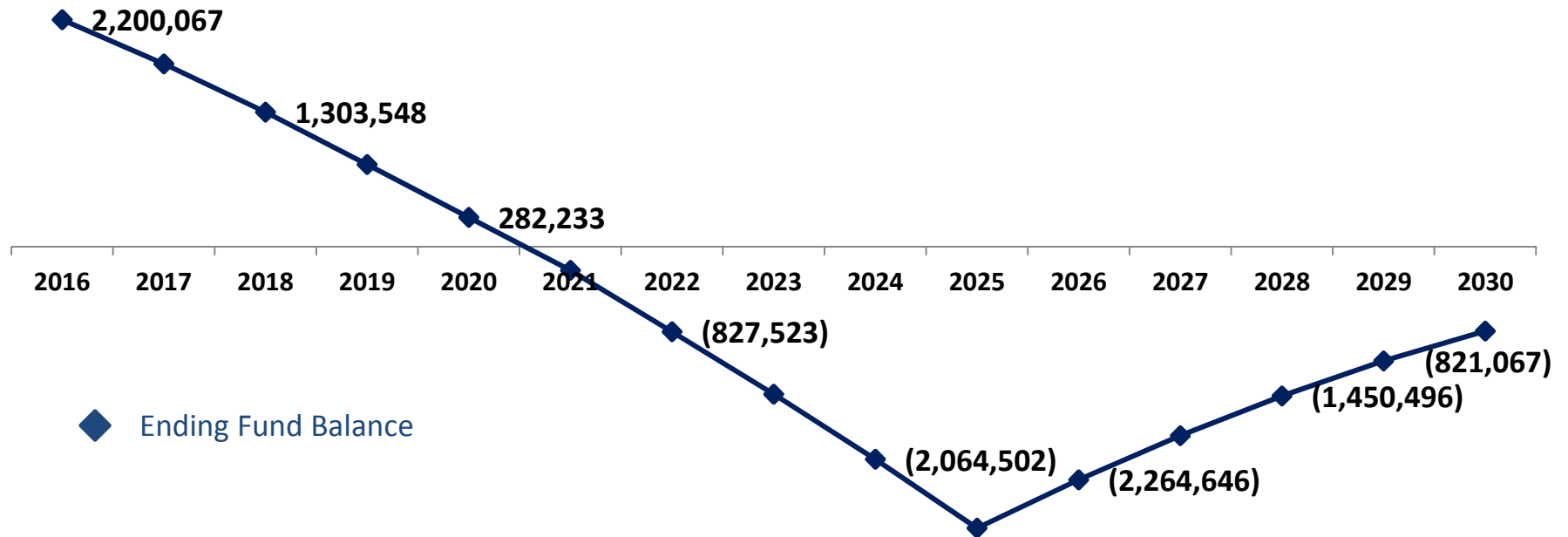
- version 1 -

Operations

- Event revenue **2.9%**, operating expense **3.4% CAGR**
- MTOCA annual contribution **\$280K**
- Excise Tax intact as-is (7.5%)
- 2006 \$1.2 million debt service intact as-is, expires 2025

Capital

- Capital program paid 100% by TLT Pooled Capital, **\$430K annual average**



Internal Financial Levers

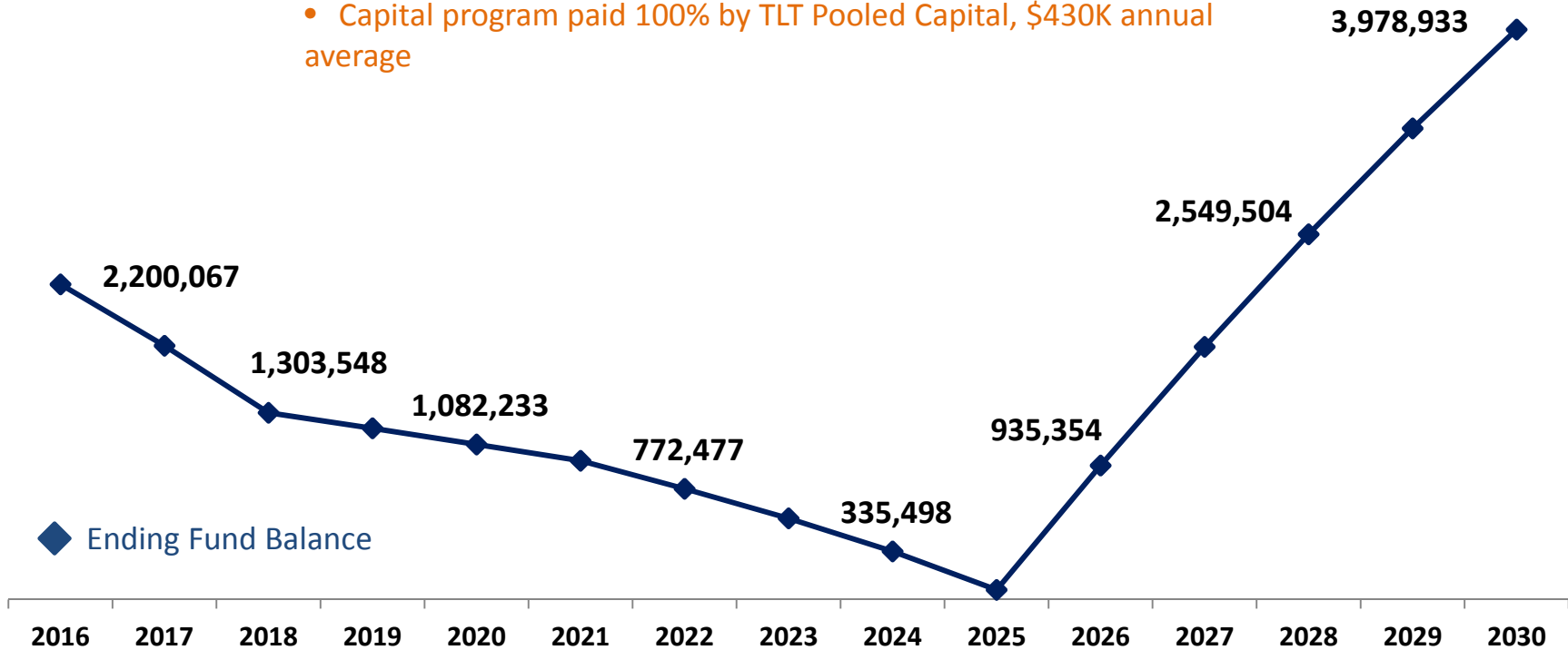
- version 2 -

Operations

- Event revenue **2.9%**, operating expense **3.4% CAGR**
- **MTOCA annual contribution \$280K**
- Excise Tax intact as-is (7.5%)
- 2006 \$1.2 million debt service intact as-is, expires 2025
- **VFTA Contribution \$500K, 2019+**

Capital

- **Capital program paid 100% by TLT Pooled Capital, \$430K annual average**



Financial Tools

- internal vs. external -

	Internal	External	Potential Trade-off (sliding scale)
MERC			
TLT Pooled Capital	✓		OCC
MERC Admin Fund	✓		-
Metro			
MTOCA - General Fund (G.F.)	✓		Metro G.F.
Council Strategic Projects – G.F.	✓		Metro G.F. and other Council projects
Excise Tax	✓		Metro G.F.
Visitor Facilities Trust Account (VFTA) Partners			
Transient Lodging Tax (TLT) Allocation		✓	OCC, P5
Other			
Property Tax Bond – General Obligation G.O.		✓	Other priority Metro projects
Oregon Lottery		✓	-
Investor / Naming Rights		✓	-

Internal Team Analysis

- takeaways -

Financial Realities	Core Assumptions	Go Expo!
<ul style="list-style-type: none">• Requires ongoing external funding• Investment costs cannot be covered by the potential increase in business• Debt service equal to or greater than current debt service	<ul style="list-style-type: none">• Consumer and trade show industry and demand in the Portland market will remain strong• Positive net operating cash flow by growing event revenue• OCC Hotel opening and shift in business to Expo	<ul style="list-style-type: none">• \$36M annually in economic impact (2008-2014)• 13 Expo FTE leverages creation of 400+ annual jobs• 450,000 annual visitors• 100 annual events• Contributes to the regional tourism industry

Takeaways

- October 7 MERC Work Session -
- November 4 MERC Budget Retreat -

- “Doing nothing” is not an option
- OCC Hotel is priority before Expo investment
- Explore Hall C renovation
- Deemphasize ‘medium’ and ‘large’ scenarios at this time
- Prefer to pursue financial tools under MERC /Metro purview for now
- Explore ‘hybrid’ scenario
- Come back with information
 - North Portland hotels – TLT data
 - Estimated increase in economic impact of “new build”



Next Steps

- Build business case for **VFTA IGA (TLT)** request (2018)
 - North Portland hotel/TLT data
- Build scope of work for the **hybrid scenario**
 - Identify alignment with Metro/regional priorities
 - Identify complementary tenant uses to Expo business
 - Communication plan with Expo business clients
 - Market & financial feasibility analyses ≈ \$120K
- Build scope of work for **Hall C** design and structural analysis study
- Discuss **internal financial levers** with MERC Budget Committee

Portland's Capital Request FY 17 Budget

Keller Roof and Drains: full tear-off and replacement (3rd of 3 year project) \$1,036,000

- Replace existing Keller Auditorium roof, insulation, drains, and sheet metal system with a newly designed and engineered roofing system. The roofing system has already experienced a number of leaks in many different locations. Some portions have already been repaired/replaced along with a couple of drains. Interior damage from the leaks has occurred in the front of house lobbies, stairwells, and backstage with repairs to both ceilings and walls.
- The risks of roofing failures are significant. While a catastrophic failure has not yet occurred, many smaller failures throughout the building have already added up to significant labor and material costs on an emergency basis. Costs in these emergent circumstances are always higher and the impacts potentially far greater to our clients and patrons ability to enjoy performances in our venues.
- Work is expected to be completed in FY17. On the advice of our roofing consultant, we have shifted the construction portion of the project into a single phase project bridging FY16 & FY17. The design and engineering work is well underway and construction documents are expected in early 2016 with bidding to commence immediately thereafter. Estimates do not include a green roof or solar as the cost of a complete structural assessment was proven to be cost inefficient.
- ROI is not currently quantifiable other than the increased retention of heating and cooling within the building envelope. There will also certainly be a reduction in the ongoing costs of emergency maintenance of the roof. This has been approximately \$7500-\$10,000 a year.

IP Phone System \$100K

- Metro is moving the entire agency to a single standard IP based phone system. This project will replace our aging and increasingly failure prone system 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.
- Loss of phone system operations in the past has created a significant and unnecessary time burden on operations staff. Moving to this new system will relieve most of that burden and allow staff to better focus on their primary duties related to the events and building operations. Centralizing this system models other recent steps at Metro to have support services delivered in a more consistent manner across the agency.
- This project may be completed in FY17 but depends on the schedule of the IS PM team and the appropriate approvals from Metro leadership.
- ROI for this project includes improved productivity for staff with enhanced system features, 4 digit dialing agency wide so we are no longer making an external phone call to reach MRC, OCC, EXPO, etc. and the opportunity to use the system for video-conferencing of meetings agency wide that often require a significant amount of transit time to attend. We will also be able to slightly reduce annual telephone service costs by eliminating older technologies used to connect the facilities.

Building Re-Key \$50K

-2nd phase of building key system overhaul and security enhancements. This phase includes re-keying of all interior door locks at the Arlene Schnitzer Concert Hall and Antoinette Hatfield Hall.

-We currently have a very poorly designed building key system that is highly expensive to maintain

-2nd phase of the project can be completed in FY17.

-ROI is a simple and effective design that allows for easier maintenance, adheres to appropriate access control and industry standard practices for recordkeeping, and places the 3 buildings under one unified key standard that can be maintained for the years to come.

AHH Front of House Elevators Overhaul \$480K

- The front of house elevators at the Antoinette Hatfield Hall are more than 30 years old. While some operational systems are in good condition, other system components such as the geared hoist machine, motor generator set, relay controller selector, and a number of fire/life safety and ADA related components need to be replaced.

-Building operations staff, contracted foodservice personnel, clients and our patrons in particular are heavily dependent on the front of house elevators at the Antoinette Hatfield Hall to access all front of house areas including the theaters, transporting event-related equipment, and facilitating ADA access to all front of house entry points to our three theaters. The risks associated with losing operation of the front of house elevators are costly. If we are unable to insure access to the front of house areas for clients and patrons, then our ability to provide equal and effective access to all three of the venues is jeopardized. In addition, while our compliance with ADA and fire/life safety systems is current to when the facility was constructed, we are lagging behind (30+ years) in code changes and the potential liability exposures associated with these areas is significant.

-This project should be completed in FY17.

-The ROI on this project is unknown but elevator controls and operational systems have improved drastically in the last thirty years leading to far more energy efficient and effective operations. While we are not certain of the exact level of reduction in electrical consumption, estimates range from 20-40% reduction in electrical consumption. In addition, new car door operators will provide a smoother and more efficient operation of the elevator.

Brunish Deck Replacement \$25K

-Replace surfaces and repair damaged areas of deck between freight elevator and entrance to Brunish Theatre. Heavy use of Brunish Theatre over the past few years has exposed issues with the original deck design that need to be rectified.

-Work can be completed in summer of FY17.

-ROI on the work is provide a safe and effective surface to move equipment and personnel back and forth across the deck while maintaining appropriate access to the roof surface and drains below.

AHH Fire Alarm System replacement \$175K

- The current Fire Alarm systems at the Antoinette Hatfield Hall (AHH) are original to the building, circa 1985. The system is an outdated zone type with as many as 35 devices reporting blindly to a single zone. This makes troubleshooting difficult and would cause unnecessary extra time to be taken in finding smoke or an actual fire should an emergency occur. Additionally, all of the alarm notification (siren) and firefighter announce services are tied to the building's Public Address system via a custom built interface located in the Newmark Theater sound booth, intermingled with theater audio components. This creates a potentially undesirable situation should one of the amplifiers fail or power to the sound racks be inadvertently shut off, a cable broken, cut, etc. since there would be no audible notifications at all in that case, and the building would be left with only the few strobe stations that exist.

-We believe that most if not all of this work can be completed in FY17.

-ROI on this work is directly related to the safety of our patrons and clients given the risks we have identified in the current system.

ASCH: Portland Sign—Structural, Architectural, Electrical overhaul \$360K

- During a June 2015 assessment of the Portland sign and marquees on the Arlene Schnitzer Concert Hall, a number of issues were identified as needing to be addressed.

1. The structure of the beams holding the sign are showing corrosion and need to be repaired by July of 2016.
2. The sheet metal components making up the main architectural elements of the sign are generally in good condition. Unfortunately, some areas have heavy corrosion with large materials losses due to poorly designed drainage and water being trapped. We intend to re-fabricate the sign cladding with corrosion resistant aluminum panels installed on the (e) blade sign frame. The new sign is expected to last at least 25-40 years.
3. Many electrical components will require replacement due to corrosion and age. The lamp sockets are worn due to weathering and require full replacement along with all the wiring feeding them. The neon letters are approaching their end of life. The chase lights have all been replaced recently with LED lamps and will be salvaged and reinstalled after all other work has been completed on the sign. The existing junction box that feeds the sign is corroding and will be replaced.

-Bid work on this project will start in FY16 and the project will be completed in FY17.

-ROI on this project is to safely and appropriately maintain a Portland landmark.

ASCH Orchestra Shell Rigging overhaul \$150K

-Overhaul all rigging systems on the orchestra shell. The current shell is more than 30 years old and per recent inspections by structural engineers and theatrical consultants, the rigging systems are in need of replacement. Other options are being studied at this time for potential replacement but this budget represents overhaul of the existing system since it is a matter of urgency.

-If we proceed to overhaul the existing system, then the work can be completed in FY17. If we choose another option, we may not complete that work in FY17.

-ROI is to appropriately address an area of identified safety risk for the organization. The orchestra shell has been inspected by theatrical professionals who report that its rigging systems need overhaul.

ASCH Backstage Entry Door replacement \$30K

-Replace the custom sized stage door entrance opening with new standard sized doors and glass above. Original Stage doors are failing and unable to be effectively secured after 30 years of heavy use. Opportunity to re-size the doors to a standard sized opening with readily available door and security hardware.

-Project can be completed in FY17.

-ROI is less maintenance expense and time on the existing doors and hardware. We will also greatly improve the appearance of the backstage entrance to the ASCH.

Keller Main Switchgear replacement-design and engineering \$25K

-Keller main electrical switchgear, automatic transfer switch, and motor control centers serving the building are almost 50 years old. This is past their useful life span. We have done an engineering budgetary study for replacement and we now need to complete design and engineering calculations for proper bidding of this work in FY18.

-D+E can be completed in FY17.

-ROI is to properly maintain the electrical systems per the building code and allow for continued heavy programming uses of the facility which demand significant electrical consumption.

Keller Electrical Panels replacement-design and engineering \$25K

-Keller electrical panel and sub-panels serving the building are almost 50 years old. This is past their useful life span. We need to complete design and engineering calculations and cost estimates for proper bidding of this work in FY18.

-D+E can be completed in FY17.

-ROI is to properly maintain the electrical systems per the building code and allow for continued heavy programming uses of the facility which demand significant electrical consumption.

Keller Exterior Pre-cast Concrete Panels \$500K

-Repair, restore and/or replace the exterior precast concrete panels comprising a significant majority of the Keller Auditorium façade. Recent investigations indicate that the panels date to the 1968 renovation of Keller Auditorium and from their original installation have had a number of problems including de-lamination. During a building exterior investigation conducted by a building envelope consultant in August/Sep of 2015, a number of visual observations and concrete sounding techniques were used to identify the need for both immediate and short-term actions. A few immediate actions taken included removal of six catastrophically failing pre-cast concrete panels to avoid potential danger to the public. This work was completed in November 2015.

The report also pointed out systemic failures in original construction methods for the pre-cast concrete panel system and the need to address a number of other spalled and cracking concrete locations, parapet coping deficiencies, and sealant joint failures to insure the long-term health of the panel system. While the extent of the overall project is currently unknown, we are currently contracting with a consulting team to gather the requirements necessary to properly bid the work needed to address repair, restoration or replacement of the Keller façade panels. We expect the work to proceed expeditiously and in concert with the planned roof renovations also in the budget for FY17.

-It is unknown if this work can be completed in FY17.

-ROI is to provide for the safe enjoyment of and proper maintenance of the facilities by our audiences and the public. The current cost allocation for this project is a very early estimate and is likely to change.

Lighting System Overhaul FOH/Controls NMK/Winningstad \$80K

-This project will complete a process to completely replace the production and house lighting systems from their current outdated systems to industry standard systems used throughout all of our other venues. This portion of work includes replacing lighting controls, associated dimmers, emergency lighting controls and new button control stations throughout the NMK and Winningstad audience areas.

-This project 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 points of potential failure in the regular operations of the system. We will be unable to stage shows without a fully operating production and house lighting 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 FY17.

-ROI for avoiding systemic failures with no viable replacement parts or operational alternatives and the labor associated with maintaining an outdated system.

Winningstad PAR Light Fixture Conversion to LED \$15K

- Replace the stage wash lighting fixtures with newer available LED technology. All 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. We have many choices for an LED fixture that will allow all the desired color choices without the use of gel and will deliver up to twice the amount of visible light at roughly 1/10th the energy consumption.
- This is an opportunity to save energy, increase flexibility for our clients, and save in ongoing labor and material maintenance costs for the venue.
- Can be completed in FY17.
- ROI is unconfirmed as of yet but anticipated to be 5 years or less. We also anticipate a small ETO incentive towards the project costs.

AHH Artbar Back Bar replacement (Aramark capital) \$30K

- Remodel of Artbar back bar cabinetry to replace failing millwork and provide an additional point of sale so customers can be served more quickly and effectively.
- This work can be completed in FY17.
- ROI is an additional point of sale will help improve customer service and drive revenues. Replacement of the back bar is necessary due to constant cabinet door failures and labor wasted on regular repairs

AHH Artbarista remodel (Aramark capital) \$30K

- Artbarista remodel is to provide grab and go food opportunities for patrons who don't have time to sit down for a meal at the bistro or seek different food experiences. We expect this will drive foodservice revenues without heavily increasing labor costs.
- This work can be completed in FY17.
- ROI is by providing additional and more rapid foodservice offerings, we will enhance customer service and drive food revenues. The Artbarista doesn't currently get much use and this will also reactivate that portion of the rotunda lobby

Total FY17 Portland's funded Capital Request: \$3,051,000

Total FY17 Aramark funded Capital Request: \$60,000

**Metropolitan Exposition Recreation Commission
Record of MERC Commission Budget Committee Meeting**

December 16, 2015

Metro Regional Center, Room 301

Present:	Terry Goldman, Deidra Krys-Rusoff, Karis Stoudamire-Phillips
Absent:	
Others present	Scott Robinson, Metro Deputy COO and Interim General Manager; Tim Collier, Metro CFO; Scott Cruickshank, OCC Executive Director; Robyn Williams, Portland’s Centers for the Arts Executive Director; Matthew P. Rotchford, Portland Expo Center Director; Stephanie Soden, Director of Communications and Strategic Development Metro Visitor Venues; Ben Rowe, Finance Director MERC Venues; April Siebenaler, Manager Metro CPMO; David Fortney, Venues projects; Margie Helton, Executive Assistant to GM of Visitor Venues.
	The MERC Budget Committee Meeting was called to order at 2:05 p.m.
1.0	INTRODUCTION AND GOALS FOR THE DAY <ul style="list-style-type: none"> • Scott Robinson outlined goals for the meeting and reviewed Expo presentation to Council on December 15.
2.0	FY2016-2017 Capital Plans Review: <ol style="list-style-type: none"> 1. Expo Center: <ul style="list-style-type: none"> ○ Benjamin Rowe provided an overview of Expo Center’s financial future. ○ Expo Project study results to date were discussed ○ Rowe pointed out that all assumptions include the building of the OCC Hotel ○ Robinson pointed out that Expo does not get a public subsidy ○ Rowe presented a review of Expo’s Capital Plan including a discussion of Expo’s funding ○ Rotchford presented five-year plan for capital projects providing background for some of the larger projects planned for FY2017 2. Portland’s: <ul style="list-style-type: none"> ○ Ben Rowe provided an overview of the Portland’s five-year forecast ○ Robyn Williams presented the P’s Capital Plan noting that the age of the buildings is what is driving the capital expenses ○ Planned projects are all for building repairs and maintenance. Funding will be more challenging after the next five years as needs continue to grow ○ City of Portland is being educated about the capital needs as they are owners of the building and currently do not contribute to them ○ City is doing an assessment of building needs – report is due soon ○ P’s also provides assistance to local arts groups at approximately \$2 million per year ○ Williams presented the projects planned for FY2017 ○ Portland’s Foundation has hired a consultant to help them get on track but movement will be slow 3. Oregon Convention Center <ul style="list-style-type: none"> ○ Scott Cruickshank explained his list of capital projects for FY2017 ○ Largest projects include the digital camera upgrade, alarm upgrades and VOIP equipment.
	Meeting adjourned at 3:47 p.m.

