

METROPOLITAN EXPOSITION RECREATION COMMISSION
Resolution Number 18-06

For the purpose of approving the Metropolitan Exposition Recreation Commission ("MERC") 2018-19 Proposed Budget and 2018-19 through 2022-23 Capital Improvement 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 2018-19 Budget and recommends approval of the budget and five-year capital plan attached as Exhibit A to this Resolution.

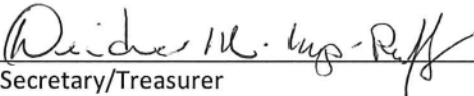
BE IT THEREFORE RESOLVED, that the Metropolitan Exposition Recreation Commission:
Approves the MERC Fiscal Year 2018-19 Budget and 2018-19 through 2022-23 Capital Improvement Plan attached as Exhibit A and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the Fiscal Year 2018-19.

Passed by the Commission on March 7, 2018.




Chair

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



Secretary/Treasurer



Nathan A. S. Sykes, Deputy Metro Attorney

Metropolitan Exposition-Recreation Commission
All Venues

	FY 2019 Proposed Budget
OPERATIONS	
Charges for Services	31,605,196
Contributions from Governments	911,677
Contributions from Private Sources	125,000
VFTA Enhanced Marketing	503,014
Food and Beverage Revenue	22,008,213
Interest Earnings	690,798
Lodging Tax	13,069,871
Miscellaneous Revenue	156,328
Transfers-R	1,280,389
VFTA Operating Support	2,550,651
Total Revenues	<u>72,901,137</u>
Food & Beverage Services	17,183,017
Materials and Services	18,679,879
Personnel Services	23,236,686
Transfers-E	7,581,244
Management Fee	2,564,209
Visitor Development Marketing	503,014
Total Expenditures	<u>69,748,049</u>
Net Operations	<u>3,153,088</u>
CAPITAL	
Contributions from Private Sources	3,862,501
Lodging Tax	7,465,244
Total Revenues	<u>11,327,745</u>
Capital Outlay	6,175,000
Materials and Services	37,515,000
Personnel Services	642,099
Total Expenditures	<u>44,332,099</u>
Net Capital	<u>(33,004,354)</u>
Grand Total Operations / Capital	<u>(29,851,266)</u>
Beginning Fund Balance	54,092,655
Contingency / Ending Fund Balance	24,241,389

Metropolitan Exposition-Recreation Commission
Convention Center Operating Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS							
Charges for Services	12,414,336	14,590,975	12,758,745	12,673,382	13,507,270	833,888	7%
Contributions from Private Sources	-	-	-	-	-	-	0%
VFTA Enhanced Marketing	462,694	473,139	478,453	491,122	503,014	11,892	2%
Food and Beverage Revenue	13,421,646	16,059,767	14,397,491	14,028,919	16,054,616	2,025,697	14%
Grants	6,878	8,352	8,055	-	-	-	0%
Interest Earnings	75,938	180,454	189,373	190,000	300,000	110,000	58%
Lodging Tax	9,519,489	10,185,853	10,898,863	11,661,784	11,644,428	(17,356)	0%
Miscellaneous Revenue	44,722	50,854	29,936	17,700	28,828	11,128	63%
Transfers-R	801,597	376,599	50,000	-	-	-	0%
VFTA Operating Support	1,682,329	1,955,473	5,739,705	3,784,454	1,829,111	(1,955,343)	-52%
Total Revenues	38,429,628	43,881,468	44,550,621	42,847,361	43,867,267	1,019,906	2%
Food & Beverage Services	10,058,470	11,648,678	10,899,392	10,840,964	12,547,299	1,706,335	16%
Materials and Services	8,723,286	9,826,869	8,922,820	9,848,744	10,134,141	285,397	3%
Personnel Services	9,279,349	10,184,474	10,110,575	11,199,173	12,060,539	861,366	8%
Transfers-E	3,238,804	6,741,837	7,599,007	3,768,414	4,145,065	376,651	10%
Management Fee	1,802,510	2,138,424	1,894,621	1,862,951	1,877,840	14,889	1%
Visitor Development Marketing	462,694	473,139	478,453	2,491,122	503,014	(1,988,108)	-80%
Total Expenditures	33,565,113	41,013,422	39,904,868	40,011,368	41,267,898	1,256,530	3%
Net Operations	4,864,515	2,868,046	4,645,753	2,835,993	2,599,369	(236,624)	-8%
CAPITAL							
Contributions from Private Sources	125,000	399,605	398,438	476,563	557,813	81,250	17%
Grants	-	-	97,548	-	-	-	0%
Miscellaneous Revenue	14,633	2,455	4,317	-	-	-	0%
Lodging Tax Pooled Capital	-	-	-	-	6,345,457	6,345,457	100%
Transfers-R	1,123,000	650,000	1,695,000	16,000,000	-	(16,000,000)	-100%
Total Revenues	1,262,633	1,052,060	2,195,303	16,476,563	6,903,270	(9,573,293)	-58%
Capital Outlay	2,322,780	695,466	1,451,385	9,200,500	2,885,000	(6,315,500)	-69%
Materials and Services	-	28,643	2,135,475	355,000	32,553,000	32,198,000	9070%
Personnel Services	-	-	-	-	383,690	383,690	100%
Total Expenditures	2,322,780	724,109	3,586,860	9,555,500	35,821,690	26,266,190	275%
Net Capital	(1,060,147)	327,951	(1,391,557)	6,921,063	(28,918,420)	(35,839,483)	-518%
Grand Total Operations / Capital	3,804,368	3,195,997	3,254,196	9,757,056	(26,319,051)	(36,076,107)	-370%
Beginning Fund Balance	14,769,677	18,574,045	21,770,042	25,024,238	35,813,363		
Contingency / Ending Fund Balance	18,574,045	21,770,042	25,024,238	34,781,294	9,494,312		

Note: Certain prior year amounts have been adjusted to be conform to current year presentation. This includes:
- Revenues previously subject to excise tax have been adjusted to reflect gross revenue, not net of excise tax. A comparable Management Fee has been included in Materials and Services.
- Transfers for MERC Admin support costs are now shown in Transfers-E (expense) rather than Transfers-R (revenue).

Oregon Convention Center CIP Summary
Fiscal Year 2019

	Prior Years	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
Master Plan Renovation	5,220,000	27,630,000	2,650,000	-	-	-	35,500,000
Cooling System Rplcmnt	80,000	2,900,000	-	-	-	-	2,980,000
Lighting Control System	275,000	2,080,000	-	-	-	-	2,355,000
Orbit Bakery/Front Remodel	-	793,000	707,000	-	-	-	1,500,000
Tower/Crown Glazing	75,000	500,000	-	-	-	-	575,000
* Water Heater Replacement	-	275,000	-	-	-	-	275,000
Exterior Waterproofing	75,000	250,000	400,000	-	-	-	725,000
* Portable Ticketing Kiosks Purchase	-	250,000	-	-	-	-	250,000
* Ops Office/Guest Service/pacificWild North reno	-	80,000	900,000	-	-	-	980,000
* Compost Digester Installation	-	75,000	400,000	-	-	-	475,000
Crbrd Baler & Cnpy	-	75,000	350,000	-	-	-	425,000
* Key Management System Upgrade	-	75,000	-	-	-	-	75,000
* Parking Pay on Foot Stations Purchase/Install	-	75,000	-	-	-	-	75,000
* Rain Garden Tree Replacement	-	50,000	-	-	-	-	50,000
Chair Replacement	-	-	1,300,000	1,500,000	-	-	2,800,000
* Lobby Lighting Retrofit	-	-	650,000	-	-	-	650,000
Table Replacement	-	-	450,000	-	-	-	450,000
* AHU Motor Upgrade to VFD Controls	-	-	250,000	-	-	400,000	650,000
* Elevator Door & Operator Replacement	-	-	250,000	-	-	-	250,000
* Loading Dock Coil Door Replacement	-	-	250,000	-	-	-	250,000
Public Circulation Furniture Replacement	-	-	175,000	-	-	-	175,000
* Mass Notification Consulting & Implementation	-	-	150,000	-	-	-	150,000
* Glass Tower Structural Reinforcement	-	-	100,000	800,000	-	-	900,000
AV Audio System Upgrade	-	-	100,000	750,000	-	-	850,000
* Escalator Safety Skirt Brush Installation	-	-	100,000	-	-	-	100,000
* Electrical Infrastructure Upgrade	-	-	60,000	500,000	500,000	-	1,060,000
* Employee Locker Room Renovation	-	-	60,000	400,000	-	-	460,000
* Exhibit Hall Restroom Renovation	-	-	-	224,000	1,700,000	-	1,924,000
* ABC Meeting Room Renovation	-	-	-	100,000	6,500,000	-	6,600,000
Boiler Replacement	-	-	-	75,000	1,800,000	-	1,875,000
* VIP B Renovation	-	-	-	70,000	400,000	-	470,000
* Interior Digital Signage Additions	-	-	-	-	1,000,000	-	1,000,000
* CCTV Replacement	-	-	-	-	800,000	-	800,000
* Gingko Lane Renovation	-	-	-	-	700,000	5,000,000	5,700,000
* Exhibit Hall Sound Panel Replacement	-	-	-	-	500,000	-	500,000
* Holladay Suites Renovation	-	-	-	-	60,000	400,000	460,000
* DEF Meeting Rooms/Lobbies/Restrooms Reno	-	-	-	-	-	1,100,000	1,100,000
* Holladay & 1st Avenue Exterior Improvements	-	-	-	-	-	500,000	500,000
* Security Console/Entrance area Renovation	-	-	-	-	-	140,000	140,000
* VIP D Renovation	-	-	-	-	-	75,000	75,000
Subtotal Capital Projects	-	50,000	3,895,000	4,419,000	13,960,000	7,615,000	29,939,000
Ongoing Capital Maintenance							
Food & Beverage Capital Investment	-	-	618,000	1,325,000	1,325,000	1,325,000	4,593,000
A/V Equipment (NBS)	-	150,000	150,000	150,000	150,000	150,000	750,000
WiFi & Show Network Upgrades	-	120,000	120,000	130,000	130,000	130,000	630,000
Alerton Glbl Cntrllr Upgrc	-	60,000	60,000	60,000	-	-	180,000
Subtotal Ongoing	-	330,000	330,000	340,000	280,000	280,000	1,560,000
TOTAL - Convention Center Operating Fund	\$5,725,000	\$35,438,000	\$10,250,000	\$6,084,000	\$15,565,000	\$9,220,000	\$82,282,000

* New project in FY2018-19

Metropolitan Exposition-Recreation Commission
Portland's Centers for the Arts Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS							
Charges for Services	9,957,385	12,679,505	12,914,253	12,170,223	13,346,980	1,176,757	10%
Contributions from Governments	837,608	856,873	866,299	889,441	911,677	22,236	2%
Contributions from Private Sources	-	-	-	75,000	125,000	50,000	67%
Food and Beverage Revenue	2,989,218	3,321,789	3,329,348	3,175,764	3,450,895	275,131	9%
Grants	5,995	6,000	-	38,000	-	(38,000)	-100%
Interest Earnings	100,967	169,135	153,354	170,000	225,000	55,000	32%
Lodging Tax	1,311,226	1,340,824	1,355,841	1,390,686	1,425,443	34,757	2%
Miscellaneous Revenue	81,962	233,102	102,488	61,590	89,000	27,410	45%
Transfers-R	-	46,200	-	-	-	-	0%
VFTA Operating Support	663,195	678,165	685,783	703,941	721,540	17,599	3%
Total Revenues	15,947,557	19,331,593	19,407,366	18,674,645	20,295,535	1,620,890	9%
Food & Beverage Services	2,196,910	2,494,426	2,486,088	2,503,553	2,643,820	140,267	6%
Materials and Services	3,967,386	5,380,756	6,190,771	6,323,561	6,901,917	578,356	9%
Personnel Services	5,975,182	6,448,947	7,099,975	7,862,673	8,488,561	625,888	8%
Transfers-E	1,683,534	1,647,971	1,698,417	1,808,335	1,647,114	(161,221)	-9%
Total Expenditures	13,823,012	15,972,100	17,475,251	18,498,122	19,681,412	1,183,290	6%
Net Operations	2,124,545	3,359,493	1,932,115	176,523	614,123	437,600	248%
CAPITAL							
Contributions from Private Sources	45,000	87,188	143,438	114,375	3,067,813	2,953,438	2582%
Grants	113,899	30,980	9,964	-	-	-	0%
Miscellaneous Revenue	-	135,171	-	-	-	-	0%
Total Revenues	158,899	253,339	153,402	114,375	3,067,813	2,953,438	2582%
Capital Outlay	1,498,685	1,056,623	2,323,012	3,450,733	2,950,000	(500,733)	-15%
Materials and Services	-	-	57,167	325,000	4,035,000	3,710,000	1142%
Personnel Services	-	-	-	-	177,367	177,367	100%
Total Expenditures	1,498,685	1,056,623	2,380,179	3,775,733	7,162,367	3,386,634	90%
Net Capital	(1,339,786)	(803,284)	(2,226,778)	(3,661,358)	(4,094,554)	(433,196)	12%
Grand Total Operations / Capital	784,759	2,556,209	(294,663)	(3,484,835)	(3,480,431)	4,404	0%
Beginning Fund Balance	9,837,690	10,622,449	13,178,658	12,883,995	9,456,346		
Contingency / Ending Fund Balance	10,622,449	13,178,658	12,883,995	9,399,160	5,975,915		

Note: Certain prior year amounts have been adjusted to be conform to current year presentation. This includes:
- Transfers for MERC Admin support costs are now shown in Transfers-E (expense) rather than Transfers-R (revenue).

Portland's Centers for the Arts CIP Summary
Fiscal Year 2019

	Prior Years	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
Schnitzer Orchestra Shell Replacement	1,355,000	1,845,000	-	-	-	-	3,200,000
AHH Roof	150,000	1,500,000	-	-	-	-	1,650,000
Keller Electrical Infrastructure Update	-	850,000	-	-	-	-	850,000
ASCH FOH Elevators Overhaul	-	400,000	-	-	-	-	400,000
* KA Generator Fuel Storage	-	350,000	-	-	-	-	350,000
ASCH Backstage Dressing Tower Elevator	-	300,000	-	-	-	-	300,000
ASCH Roof Drains	-	250,000	-	-	-	-	250,000
ASCH Piano Replacement	-	200,000	-	-	-	-	200,000
* Newmark Main Speakers	-	200,000	-	-	-	-	200,000
ASCH Chamber Lighting	25,000	175,000	-	-	-	-	200,000
* Portable Concession Kiosks	-	175,000	-	-	-	-	175,000
* ArtBar/Lobby Furniture Replacement	-	175,000	-	-	-	-	175,000
Newmark Piano Replacement	-	150,000	-	-	-	-	150,000
* KA Fall Arrest	-	100,000	-	-	-	-	100,000
* ASCH Cooling Airflow Study	-	100,000	-	-	-	-	100,000
AHH EIFS Replacement Phase III (R&R)	-	75,000	700,000	-	-	-	775,000
ASCH Broadway and Park Marquees	-	50,000	800,000	-	-	-	850,000
AHH/ASCH/Keller ADA signage	50,000	30,000	50,000	95,000	-	-	225,000
AHH Stage door area rebuild	-	25,000	150,000	-	-	-	175,000
* ASCH Orchestra concession rebuild	-	-	600,000	-	-	-	600,000
* KA Catwalk at FOH	-	-	350,000	-	-	-	350,000
* ASCH Box office rebuild	-	-	250,000	-	-	-	250,000
* KA Camera/Security System	-	-	200,000	-	-	-	200,000
* AHH Video monitors for poster cases	-	-	50,000	-	-	-	50,000
ASCH - Cooling System Replacement	10,000	-	-	1,200,000	-	-	1,210,000
ASCH New Seats	-	-	-	600,000	-	-	600,000
* KA New PA (Monitors, Amps, Mains)	-	-	-	400,000	-	-	400,000
Keller Building HVAC Controls & Stage HVAC Imp	-	-	-	250,000	-	-	250,000
AHH Rotunda/Bistro Carpet Replacement	-	-	-	150,000	-	200,000	350,000
* AHH 4th and 5th floor remodel	-	-	-	150,000	-	-	150,000
AHH Lobby Storefront Doors Replacement (R&R)	-	-	-	82,000	-	-	82,000
* Winnigstad Seating replacement	-	-	-	75,000	-	-	75,000
AHH Park Street lobby door replacement	-	-	-	50,000	-	-	50,000
* KA Lobby Monitors	-	-	-	50,000	-	-	50,000
Keller Stage Pit Lifts Overhaul	-	-	-	-	500,000	-	500,000
AHH Freight Elevator Overhaul	-	-	-	-	400,000	-	400,000
Keller Backstage Dressing Tower Elevator	-	-	-	-	300,000	-	300,000
* Newmark Seating replacement	-	-	-	-	225,000	-	225,000
* AHH Brunish Dressing Build-Out	-	-	-	-	175,000	-	175,000
* Newmark Replace Stage Floor	-	-	-	-	100,000	-	100,000
* Winni Hoists	-	-	-	-	75,000	-	75,000
* ASCH Stage Door Area Rebuild	-	-	-	-	-	75,000	75,000
TOTAL - Portland's Centers for the Arts Fund	\$1,590,000	\$6,950,000	\$3,150,000	\$3,102,000	\$1,775,000	\$275,000	\$16,842,000

* New project in FY2018-19

Metropolitan Exposition-Recreation Commission
Expo Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS							
Charges for Services	4,097,469	4,258,479	4,311,932	5,185,451	4,750,946	(434,505)	-8%
Food and Beverage Revenue	2,051,938	2,146,826	2,349,531	2,471,019	2,502,702	31,683	1%
Grants	-	10,800	-	-	-	-	0%
Interest Earnings	17,414	29,457	23,030	35,000	35,000	-	0%
Miscellaneous Revenue	33,100	39,935	37,525	34,475	38,500	4,025	12%
Transfers-R	336,666	327,333	280,000	400,000	400,000	-	0%
Total Revenues	6,536,587	6,812,831	7,002,018	8,125,944	7,727,148	(398,796)	-5%
Food & Beverage Services	1,690,782	1,692,124	1,841,361	1,908,139	1,991,898	83,759	4%
Materials and Services	1,252,238	1,389,854	1,520,397	1,615,813	1,475,736	(140,077)	-9%
Personnel Services	1,668,415	1,726,549	1,787,490	1,939,455	1,971,970	32,515	2%
Debt Service	1,209,550	1,186,176	1,203,395	1,022,275	1,022,025	(250)	0%
Transfers-E	529,880	678,493	530,430	647,815	693,773	45,958	7%
Management Fee	429,028	446,882	464,753	534,172	463,270	(70,902)	-13%
Visitor Development Marketing	-	-	-	17,160	-	(17,160)	-100%
Total Expenditures	6,779,893	7,120,077	7,347,826	7,684,829	7,618,672	(66,157)	-1%
Net Operations	(243,307)	(307,247)	(345,808)	441,115	108,476	(332,639)	-75%
CAPITAL							
Contributions from Private Sources	30,000	58,125	95,625	171,563	236,875	65,312	38%
Grants	129,250	-	1,000	-	-	-	0%
Lodging Tax Pooled Capital	3,125	-	-	-	1,119,787	1,119,787	100%
Transfers-R	360,000	280,000	1,016,740	2,850,000	-	(2,850,000)	-100%
Total Revenues	522,375	338,125	1,113,365	3,021,563	1,356,662	(1,664,901)	-55%
Capital Outlay	478,441	304,650	491,379	2,867,315	340,000	(2,527,315)	-88%
Materials and Services	-	50,989	1,177,336	461,867	927,000	465,133	101%
Personnel Services	-	-	-	-	81,042	81,042	100%
Total Expenditures	478,441	355,639	1,668,715	3,329,182	1,348,042	(1,981,140)	-60%
Net Capital	43,934	(17,514)	(555,350)	(307,619)	8,620	316,239	-103%
Grand Total Operations / Capital	(199,373)	(324,761)	(901,158)	133,496	117,096	(16,400)	-12%
Beginning Fund Balance	3,367,238	3,167,865	2,843,105	1,941,947	2,283,061		
Contingency / Ending Fund Balance	3,167,865	2,843,105	1,941,947	2,075,443	2,400,157		

Note: Certain prior year amounts have been adjusted to be conform to current year presentation. This includes:

- Revenues previously subject to excise tax have been adjusted to reflect gross revenue, not net of excise tax. A comparable Management Fee has been included in Materials and Services.
- Transfers for MERC Admin support costs are now shown in Transfers-E (expense) rather than Transfers-R (revenue).

Portland Expo Center CIP Summary
Fiscal Year 2019

	Prior Years	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
Hall C HVAC Study and Installation	35,000	200,000	-	-	-	-	235,000
* Cirque Parking lot Improvements	-	200,000	-	-	-	-	200,000
Lighting Control review and install - Halls ABCDE	20,000	150,000	-	-	-	-	170,000
Hall C Roof Recoat	-	125,000	-	-	-	-	125,000
* Hall C Enhancements	-	100,000	-	-	-	-	100,000
* Halls D&E Solar	-	50,000	-	-	-	-	50,000
Security Gates and Fencing	-	42,000	50,000	-	-	-	92,000
UP4 New Storage Building	-	40,000	250,000	-	-	-	290,000
Expo Website Update	-	40,000	100,000	-	-	-	140,000
Portable Concession Kiosks	-	35,000	-	-	-	-	35,000
Facility Wide Door review / install / security	-	20,000	150,000	-	-	-	170,000
Hall A Carpet Paint	-	10,000	90,000	-	-	-	100,000
Halls ABC Interior and Exterior Paint (R&R)	-	-	120,000	120,000	-	-	240,000
Facility Wide Drinking Fountain replacement	-	-	50,000	-	-	-	50,000
Hall D Storage Office Conversion	-	-	35,000	300,000	-	-	335,000
Hall D Kitchen Office Conversion	-	-	20,000	300,000	-	-	320,000
* Electronic Reader Board Upgrade	-	-	-	100,000	-	-	100,000
* Sustainability upgrades	-	-	-	75,000	-	-	75,000
Facility Wide Overhead Door review / install	-	-	-	35,000	250,000	-	285,000
Parking Lot Improvements	-	-	-	-	700,000	-	700,000
Hall D & E HVAC - Condition Analysis & Repair Budget	-	-	-	-	135,000	-	135,000
Hall D/E Compressed Air	-	-	-	-	50,000	-	50,000
Hall E Flat Roofs	-	-	-	-	35,000	750,000	785,000
* UP2 North Walkway Cover	-	-	-	-	25,000	50,000	75,000
Expo Road Relocation	-	-	-	-	-	25,000	25,000
Subtotal Capital Projects	55,000	1,012,000	865,000	930,000	1,195,000	825,000	4,882,000
Ongoing Capital Maintenance							
Security Cameras / Access Controls		75,000	10,000	66,500	50,000	150,000	351,500
Parking Lot Asphalt Maintenance / Replacement		-	62,000	64,500	67,080	69,763	263,343
Subtotal Ongoing		75,000	72,000	131,000	117,080	219,763	614,843
TOTAL Portland Expo Center	\$55,000	\$1,087,000	\$937,000	\$1,061,000	\$1,312,080	\$1,044,763	\$5,496,843

Metropolitan Exposition-Recreation Commission
MERC Admin Sub Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS							
Charges for Services	17,406	-	-	-	-	-	0%
Interest Earnings	17,433	64,501	115,094	50,000	130,798	80,798	162%
Transfers-R	1,259,590	1,298,890	1,250,977	1,424,152	880,389	(543,763)	-38%
Total Revenues	1,294,429	1,363,391	1,366,071	1,474,152	1,011,187	(462,965)	-31%
Materials and Services	297,282	282,631	326,269	538,385	391,184	(147,201)	-27%
Personnel Services	773,769	832,280	737,859	1,105,485	715,616	(389,869)	-35%
Transfers-E	12,000	-	33,850	7,725	73,267	65,542	848%
Total Expenditures	1,083,051	1,114,911	1,097,977	1,651,595	1,180,067	(471,528)	-29%
Net Operations	211,378	248,480	268,094	(177,443)	(168,880)	8,563	-5%
CAPITAL							
Lodging Tax Pooled Capital	5,241,751	6,741,441	6,525,901	6,741,441	-	(6,741,441)	100%
Transfers-R	(1,483,000)	(820,000)	(2,391,740)	(18,850,000)	-	18,850,000	-100%
Total Revenues	3,758,751	5,921,441	4,134,161	(12,108,559)	-	12,108,559	-100%
Capital Outlay	54,000	-	-	250,000	-	(250,000)	-100%
Total Expenditures	54,000	-	-	250,000	-	(250,000)	-100%
Net Capital	3,704,751	5,921,441	4,134,161	(12,358,559)	-	12,358,559	-100%
Grand Total Operations / Capital	3,916,129	6,169,921	4,402,255	(12,536,002)	(168,880)	12,367,122	-99%
Beginning Fund Balance	4,085,355	8,001,484	14,171,405	18,573,660	6,539,885		
Contingency / Ending Fund Balance	8,001,484	14,171,405	18,573,660	6,037,658	6,371,005		

Memo



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Date: March 7, 2018
To: MERC Commissioners
From: Deidra Krys-Rusoff, Chair of the MERC Budget Committee
Scott Cruickshank, General Manager of Visitor Venues
Re: Transmittal of the Fiscal Year 2018-19 MERC Budget

The budget is an important tool for measuring success and accomplishing goals of the venues and the Commission. The FY 2018-19 budget appropriates over \$138 million to operate the venues and invest in our facility assets. The Budget Committee recommends the Commission approve Resolution 18-06, approving the MERC FY 2018-19 Proposed Budget and FY 2018-19 Capital Improvement Plan.

After the MERC Budget Retreat on November 1, 2017, the Budget Committee met twice to review and discuss details of the budget. These meetings allowed the Venue Directors to share significant items in their budgets, major capital projects, new Full Time Equivalent (FTE) and/or program requests, and respond to questions from the Budget Committee. Highlights from those meetings are described below.

Oregon Convention Center

Budget Priorities

- Begin the renovation and maintain the OCC using the Facility Master Plan and condition assessments
- Deliver world class customer service
- Grow the OCC's economic impact through increased convention and consumer show business
- Continue to assess and improve public safety
- Generate operating revenues to cover 100 percent of operating expenses and maintain strategic reserves

Significant Changes in the Budget

- OCC has 48 conventions and a strong line-up of regional events scheduled in FY18-19 supporting a forecast record rental of more than \$5 million. Of this amount, \$4.3 million is licensed with \$710,000 of projected business pick-up between now and the end of FY18-19.
- Forecast parking revenue is \$2.1 million, a 14 percent increase compared to the FY17-18 budget. This strong increase is due to a recent rate increase, dynamic pricing and an increase in monthly users from construction work around the center.

- Food and beverage forecasted revenues are \$16.1 million, a 14 percent increase compared to the FY17-18 budget. This level of business is comparable to FY15-16, OCC's largest grossing year. The budgeted margin is 21.8%, slight decrease from FY17-18.
- OCC proposes a new position in Sales: a Sales Coordinator who will maximize un-booked space rentals and provide more bandwidth for the current sales team to respond to and support convention proposals. It is expected that the Sales Coordinator position will generate new sales equal to or greater than the position's costs.
- OCC proposes to develop an Ambassador program, which will provide customer service, way finding, guest services and improve center safety and security. This program will be added to the Event Services Department and will be staffed by a new full time Guest Services Supervisor and a pool of part time ambassador employees.
- Materials and Services budget increases have been minimized for existing programs and workload. Increases are primarily associated with programs with offsetting event revenues.
- OCC's capital improvement program includes the start of construction on the major interior and plaza renovation project, as well as nearly \$8 million in other projects.
- OCC is funding the personal services costs for a 1.0 FTE project manager from the Metro Construction Project Management Office (cPMO) to support the increased workload in the OCC capital improvement plan for FY18-19.
- Beginning in FY 2018-19 Metro will no longer charge a 7.5 percent excise tax on event related revenues. Revenues had previously been recorded net of this tax; for purposes of budget review prior year actuals and the FY 2017-18 budget have been adjusted to reflect gross revenues. A new management fee to Metro will support the costs of general government activities such as the Council office and elections expense, as well as various planning, parks and venue activities.

Portland'5 Centers for the Arts

Budget Priorities

- Continue business development initiative via Portland'5 Presents events
- Continue to develop and implement a plan to address long term funding strategy for Portland'5
- Continue to develop and implement revitalization plan for the Portland'5 Foundation
- Continue development of sponsorship, advertising and marketing initiatives that generate revenue
- Continue to develop the education and community engagement program

Significant Changes in the Budget

- The budget includes 9 weeks of Broadway, including 2 weeks of Phantom of the Opera. In addition, Wicked, which is scheduled for FY 2019-20, will go on sale in FY 2018-19.
- Rental and billable rates are set to increase 3 percent.
- Food and beverage revenues are up 9 percent based on event projections and spending trends. The budgeted margin is 23.4%, an increase from FY17-18 but more comparable to prior years.
- The Portland'5 Foundation has committed \$125,000 towards the Education program. Portland'5 has requested an Administrative Technician position in the Education department, to support the education program tasks. This will help with the logistics to ensure educational events operate smoothly and efficiently, and allow for additional community engagement initiatives.
- Materials and services includes increased security to insure the safety of the public and staff and provide protection of all three venues. Much of this is in reimbursable labor which is billed to the client, however some are costs that must be absorbed by Portland'5. This includes a new Facility Security Agent to staff the Antoinette Hatfield Hall stage door and a full time Administrative Assistant at the reception desk.
- Major capital projects include replacement of the orchestra shell in the Arlene Schnitzer Concert Hall (ASCH), overhaul of front of house and back of house elevators in that theater and replacement of the Antoinette Hatfield Hall roof. The ASCH will be dark for approximately two months this summer to accommodate projects in that space.
- To accomplish the capital plan Portland'5 has increased cPMO Project Manager support from 0.5 to 1.0 FTE.

Portland Expo Center

Budget Priorities

- Drive revenues in key areas of Food and Beverage, Parking and Charges for Services through contracted management, sales efforts, policy direction and dynamic pricing opportunities.
- Broaden the education and outreach to varied groups of professional and political supporters towards the sustained fiscal support of the Portland Expo Center, its programs and increased economic impact to the region.
- Continued development of our venue professionals through training, professional development and strategic community engagement that supports Metro's broader diversity, equity and inclusion goals.
- Completion of valuable Capital Projects that are on time, under budget and represent the values of our agency by providing opportunities for COBID firms, our region and the long-term capital needs of the Portland Expo Center.

- Expand and solidify our long-term partnerships with Cirque du Soleil. Leverage partnership through capital investments, long-term planning, and the expansion of flexible event spaces for concerts and other opportunities on the Expo campus.
- Focused effort on solidifying the goals of the Expo Project through review of campus assets, analytical data review and unique partnerships that support the overall economic health, mission and vision of the Expo Center.

Significant Changes in the Budget

- Cirque du Soleil is not part of these budget year assumptions. Cirque will be included bi-annually starting in FY20-21.
- Expo's charges for services represent an overall flat trend from FY17-18 actuals. Multi-year bookings are about to sunset and are under review. Rental rate increases over prior year represent 3 percent with staff focus turning toward corporate opportunities, yearly onsite advertising sales and yield management efforts (seasonal bookings).
- Base parking rates have been increased from \$8 to \$10 per car, which results in an estimated increase of \$300,000.
- Food and beverage revenues are up 7 percent from FY 2016-17, primarily due to recent price changes. The budgeted margin is 20.4%, a decrease from FY16-17 (comparable non-Cirque year).
- The budget includes a General Fund allocation of \$400,000 from Metro. Additionally MERC Admin support costs were waived this year.
- There are currently no FTE changes or new requests in the proposed budget.
- Overall materials and services costs were held flat, though certain utility costs are increasing. Expo reduced other operating costs to offset these increases.
- Capital projects are funded by TLT Pooled Capital, and focus on recommendations of the Expo Project. Major projects include improvements to Lower Parking Lot 1, partially funded by a contribution from Cirque du Soleil, and refurbishment of Hall C.
- Beginning in FY 2018-19 Metro will no longer charge a 7.5 percent excise tax on event related revenues. Revenues had previously been recorded net of this tax; for purposes of budget review prior year actuals and the FY 2017-18 budget have been adjusted to reflect gross revenues. A new management fee to Metro will support the costs of general government activities such as the Council office and elections expense, as well as various planning, parks and venue activities.

MERC Administration

Budget Priorities

- Continue development and implementation of Phase III of the Expo Project
- Continue development of the Portland'5 Project
- Ensure proper reporting to stakeholders of the required minority contracting and workforce equity goals throughout the construction of the OCC Hotel project
- Advocate and provide follow-through for the MERC commission's desired goals and outcomes resulting from the March 7, 2018 MERC Retreat

Significant Changes in the Budget

- TLT Pooled Capital will be received directly by OCC (85%) and Expo (15%) starting in FY 2018-19, eliminating the need for transfers out of MERC Admin. MERC Admin will maintain a balance of \$5 million in TLT Pooled Capital.
- The Communications and Policy Development Manager will be allocated 25% to the Zoo this year, rather than fully funded by MERC Admin.
- The Director of Strategic Initiatives-Visitor Venues will continue to be fully funded by MERC Admin, rather than allocated 25% to the Zoo as previously planned. This is a two year limited duration position ending June 30, 2019.
- cPMO staff will be charged directly to the venues this year, rather than to MERC Admin. This makes these costs more transparent to the venues. It also allows the Venues to show these costs are part of Capital Projects, a division which is shown below Net Operations on the monthly financial reports, and to fund them with TLT Pooled Capital.

Long term considerations

While the proposed budget is annual, management considered long term impacts during budget development, specifically in two areas: PERS and the five year capital improvement plan.

Public Employees Retirement System (PERS)

The PERS rate is flat for FY 2018-19, as it is the second year of the biennial rate. PERS is expected to increase in FY 2019-20 from an average of 12.6 percent of total salary to 17.6 percent, a 40 percent increase overall. The venues considered the impact of PERS in future years, especially when deliberating on new positions.

Capital Improvement Plan

The majority of capital funding at OCC and Expo comes from Transient Lodging Taxes. At Portland's the funding comes from accumulated fund balance. At the start of the budget process the venues developed five year forecasts, which were shared with the Commission at the Budget Retreat in November. These forecasts were used to determine available capital funding for the five year capital improvement plan.

Conclusion

The Budget Committee has discussed the proposed budget with staff during two Budget Committee meetings, and supports approval by the Commission. Concurrently, the budget is being reviewed by Metro's Chief Operating Officer (COO). After approval by the Commission and the COO the budget will be presented to Metro Council on April 12, 2018, and is will be considered for approval by Council on May 3, 2018.