



METROPOLITAN EXPOSITION RECREATION COMMISSION

MEETING: Budget Committee Meeting
DATE: May 8, 2009
TIME: 10:00 AM– 11:30 AM
LOCATION: Oregon Convention Center, MERC Board Room
777 MLK Blvd. Portland, OR

AGENDA

1. Call to Order
2. PCPA Resident Company Support
3. Third Quarter Forecast
4. Non Represented Compensation
5. Carry over and other technical adjustments
6. Recommendation to full Commission
7. Wrap-up discussion

ADJOURNMENT

For questions, call 503-731-7840

RESIDENT COMPANY SUPPORT PROPOSAL

Description

To discount rental rates and user fees for PCPA's resident companies - Oregon Ballet Theatre, Oregon Symphony, Portland Opera, Portland Youth Philharmonic, Oregon Children's Theatre, and Tears of Joy Puppet Theatre.

History

In 1995, the Commission established criteria that would allow 9 performing arts organizations resident company status at PCPA facilities. These organizations would have priority booking capabilities as well as a rent and rate structure providing deeply discounted rates and fees. (Today, only 6 remain as resident companies of PCPA.) It was stated that the intent of the four halls of PCPA were to serve as the primary performance spaces for a group of local performing arts organizations who produce and develop their art form locally and contribute to the following objectives:

1. Provide PCPA with regular, predictable programs of events with an array of performance arts - music, dance, theater.
2. Enhance the financial stability of these resident companies.
3. Financial support will allow the resident companies to continue to offer low or no cost events.
4. Maintain educational efforts and children's performances.

Resident companies must be a 501(c)3, have a subscription season at PCPA, and book a minimum of 3 events and 20 performances. (Presentation of events other than the company's regular art form or one that involves a non-local production are not eligible for resident company rates/fees.)

Current situation

PCPA's resident companies are facing economic challenges as the result of the economic downturn. While tickets sales are generally solid or up over the previous year, funding from individual donors, sponsors and foundations has dropped dramatically. PCPA's companies are taking drastic steps to keep themselves financially viable through paycuts and layoffs, furloughs and reduced programs. Their situation is critical and they are seeking assistance from PCPA - most particularly the Oregon Ballet, Oregon Symphony and Portland Opera.

Recommendation

PCPA recommends a steep cut in user fee for FY10; gradually increasing over the next 3 years to the FY10 proposed level. Rental rates would not increase for 2 years, then resume CPI/minimum 3% increases in subsequent years as has been the past practice.

Reason for action

PCPA has a mandated mission to support its resident companies. It currently has adequate reserves to provide this support to them at a desperate time. PCPA anticipates its business will remain strong during this period and will have adequate funds to cover a pre-forecasted decline in the transient lodging tax (TLT). This action will reflect a strong show of support for Portland's premier arts organizations and is an appropriate use of PCPA reserves.

Note: If TLT drops more dramatically than anticipated, or is lost entirely, PCPA will not be able to sustain this support for its resident companies. PCPA would need to come back to the Commission with an alternative rate and fee plan that would keep PCPA in operation.

RESIDENT COMPANY SUPPORT PROPOSAL

Resident Companies: Portland Opera
Oregon Ballet Theatre
Oregon Symphony
Oregon Children's Theatre
Portland Youth Philharmonic
Tears of Joy Puppet Theatre

USER FEE

FY10 Estimated Attendance for POA, OBT, and OSO: **217,527**

FY10 Budget: User fee increases: \$1.75 to \$2.00
Budgeted increase: \$54,382

OCT, PYP, and TOJ: Pay \$.0.50 user fee currently

Proposed Lower Fee: Unrealized Revenue:

FY 10	\$0.50	(\$326,290)	
FY 11	\$1.00	(\$217,527)	
FY 12	\$1.50	(\$108,763)	
FY 13	\$2.00	\$0	
Total		(\$652,580)	for 4 years

RENT

FY 10 Budget: 3% increase \$11,332

Proposed Rent: Unrealized Revenue:

FY 10	No increase	(\$11,332)	
FY 11	No increase	(\$11,672)	
FY 12	3% increase	(\$11,332)	
FY 13	3% increase	(\$10,992)	
Total		(\$45,328)	for 4 years

Four Year Impact to PCPA:

User Fee	(\$652,580)
Rent	(\$45,328)
Total	(\$697,908)

MISC

No interest charged to Resident Companies FY 10-12.

While never budgeted, it has been around \$10,000/yr.

LODGING TAX

Current FY 09 - Forecasting TLT 5% lower than FY 08 actual.

FY 10 Forecast - Down 5% from FY 09.

FY 09 Budget:	\$2,081,978
FY 09 Forecast:	\$1,896,580

Total Decrease:	(\$185,398)
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FY 10 Budget:	\$1,954,663
FY 10 Forecast:	\$1,801,751

Total Decrease:	(\$152,912)
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FY 10 BUDGET IMPACT

Current Budgeted Deficit:	(\$50,619)
Proposed Rent/User Fee Decreases:	(\$337,622)
TLT Forecast (5% lower than budgeted):	(\$152,912)

Total Deficit:	(\$541,153)
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Forecasted Fund Balance:**	\$6,738,842
Budgeted 6 mos Operating Reserve:	\$4,506,990

Surplus:	\$2,231,852
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** Will likely be better than forecasted due to better than budgeted Broadway in FY 09 and deferring wage increases in FY 10.



arts . sports . conventions . shows .

METROPOLITAN EXPOSITION-RECREATION COMMISSION

May 6, 2009

To: MERC Budget Committee

From: David Woolson

A handwritten signature in black ink, appearing to be "DWoolson", written over the "From:" line.

Re: Budget 2009-10/ Pay Freeze

I have recently completed a series of detailed discussions with the Venue Directors and the rest of the executive team at MERC regarding pay increases for the coming fiscal year. I believe that in light of our financial outlook and the anticipated need to use reserves for operating expenses in the coming fiscal year, I am recommending to the budget committee that the budget reflect a pay freeze for all non-represented employees for MERC. This recommendation is supported by the executive team. Additionally, I believe this is prudent from a communication/PR perspective as well since almost all area public agencies have instituted pay freezes, pay cuts or layoffs.

We are not recommending a pay freeze for the represented employees at this time. This would involve reopening existing labor contracts and I believe unless we are prepared to commencing layoffs in the event of unwillingness by the unions. I don't want to go there.

The financial savings from this pay freeze is approximately \$312,000 and will affect approximately 100 employees.

We have a good year of business ahead of us, especially at the PCPA and OCC. We will need our full staff levels to take care of the existing and emerging business opportunities. I want to communicate to staff this impending pay freeze as soon as possible.

I would like the Budget Committee to consider this recommendation and endorse its approval.

Please call me if you have any questions.



METRO
Creating Livable Communities