

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 10-18

For the purpose of approving Capital Projects for fiscal year 2010-2011 for the Portland Metropolitan Exposition Center (Expo) and Portland Center for Performing Arts (PCPA)

WHEREAS, Section III(a)(b) of the Metropolitan Exposition Recreation Commission (MERC) Capital Asset Management Policy requires Commission approval of capital projects \$100,000 and greater; and

WHEREAS, The MERC adopted budget capital improvement plan included \$325,000 for the Portland Expo Center and \$325,000 for the Portland Center for the Performing Arts but did not specifically describe the Capital Projects proposed for these expenditures; and

WHEREAS, Expo and PCPA in collaboration with Aramark/Giacometti Joint Venture Partnership (Aramark) have proposed capital projects for Expo and PCPA as described in the attached staff report and request that MERC approve these capital projects in accordance with the Capital Asset Management Policy.

BE IT THEREFORE RESOLVED, that the Metropolitan Exposition Recreation Commission approves the Capital Projects as described in the attached staff report for the fiscal year beginning July 1, 2010 and ending June 30, 2011.

Passed by the Commission on September 1, 2010.


Chair

Approved as to Form:
Daniel B. Cooper, Metro Attorney


Secretary/Treasurer

By: 
Nathan A. Schwartz Sykes, Senior Attorney

MERC Staff Report

Agenda Item/Issue:

For the purpose of approving Capital Projects for fiscal year 2010-2011 for the Portland Metropolitan Exposition Center (Expo) and Portland Center for Performing Arts (PCPA)

Resolution No: 10-18

Presented By: Cynthia Hill

Date: September 1, 2010

Background and Analysis:

Upon signing a new food and beverage operations agreement, Aramark/Giacometti Joint Venture transferred to MERC Venues \$2,000,000 for capital investment.

Oregon Convention Center (OCC)	\$1,350,000
Portland Metropolitan Exposition Center (Expo)	325,000
<u>Portland Center for Performing Arts (PCPA)</u>	<u>325,000</u>
Total Capital Investment	\$2,000,000

Funds were received in FY 2009-10 and the estimated carry over was included in the FY 2010-11 budget planning process. The MERC Capital Improvement Plan includes the project detail for OCC, however the Expo Center and PCPA had not determined specific projects at the time the capital budget was submitted. The placeholder "Food & Beverage Capital Investment – New Contract" was listed on the Capital Improvement Plan for both projects.

MERC Capital Asset Management Policy requires the Commission approve all projects \$100,000 and greater. This resolution is requesting approval of the following proposed projects at the Expo Center and PCPA.

Expo Center – Convert Meeting Room D-103 into a lounge and café serving a selected menu featuring food, alcoholic and nonalcoholic beverages. The total estimated project cost is \$339,200. The additional \$14,200 is included in the adopted budget funded from food and beverage operating funds, referred to as the contract reserve for capital.

PCPA Keller Auditorium – Total renovation of south, orchestra level concession stand plus construction of two portable concession stands and realign the entrance to the women's restroom. The total estimated cost is \$325,000.

Fiscal Impact:

The capital contribution from Aramark/Giacometti Joint Venture at contract signing was received in FY 2009-10. \$325,000 for PCPA and \$325,000 for Expo is included in the FY 2010-11 adopted budget.

Attachments to Resolution and/or Staff Report:

Capital Project Requests

Recommendation:

Staff recommends that the Metropolitan Exposition Recreation Commission adopt Resolution 10-18.

Hall D Lounge

Project Cost \$339,200

Describe Project

Converting Meeting Room D-103 into a lounge and café serving a selected menu featuring food, alcoholic and non-alcoholic beverages.

Cost Justify the Investment

Food & Beverage revenue is strongly associated with the number of points of sale and the convenience of customer consumption (readily available tables/seating). Within this context, currently permanent points of sale are limited and customer seating can rarely be provided. Reflecting upon the success of PCPA's "Art Bar" and OCC's "Stir", the notion of advantaging Capital Investment funds provided by our Food & Beverage service provider toward adding a point of sale and providing customer seating is considered advantageous to growing food and beverage revenues. The additional point of sale and provision of customer seating will increase revenue as well as provide a comfortable, relaxing atmosphere for exhibitors and attendees.

Source of Funds

\$325,000 Food & Beverage Capital Investment provided by Food & Beverage Service provider.

\$14,200 Expo Center Food & Beverage Contract Reserve

The total budget of \$339,200 includes a 15% contingency in excess of \$44,000.

Impact on operating results (current year and future years)

The original Capital Investment of \$325,000 from Aramark proposed that these funds be allocated to enhancing the visual appeal of concession stands in Halls D & E, purchasing a new espresso kiosk, purchasing a new portable espresso machine, purchasing portable furniture and new uniforms. Two of these items can be considered revenue producing while the balance of items most likely would not. As suggested earlier, the notion of providing a lounge and cafe serves two primary purposes; 1) an additional point of sale and convenience for the customer. 2) It is anticipated that the ROI will generate approximately \$17,500 to \$20,000 in year one.

Risk or Consequence of not doing this project

Failing to advantage this timely revenue producing opportunity by adding a point of sale, increasing customer convenience and anticipated dissatisfaction by the funds provider in not moving forward with their investment.

Keller Concession Remodel

Project Cost \$325,000

Describe Project

Total renovation of south, orchestra level concession stand plus construction of two portable concession stands on orchestra level and realign entrance to women's restroom. This includes removing the existing counters and fixtures in the south lobby concession stand and replacing with a more easily accessible and attractive counter that will allow better and more efficient usage of the space.

Cost Justify the Investment

South stand has a very poor design and does not allow quick points of sale during intermission. Portable stands will replace very old, dated stands. Will improve access to points of sale, improve the appearance of this concession area and allow more seating for patrons to enjoy their food and beverages. This project is being done as a patron service amenity.

Source of Funds

\$325,000 Food & Beverage Capital Investment provided by Food & Beverage Service provider.

Impact on operating results (current year and future years)

Only slight increase in revenues through improved access to points of sale.

Risk or Consequence of not doing this project

Poor customer service to patrons wanting food and beverage during intermissions.