

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 17

Approving an expenditure to Government Finance Associates, not to exceed \$3,000, to select a consultant; and authorizing the Chairman and Secretary/Treasurer to execute, on behalf of the Commission, an agreement with Government Finance Associates for work in connection with consultant selection and financial analysis of facility consolidation.

The Metropolitan Exposition-Recreation Commission finds:

1. That it is reasonable for the Commission to contract with Government Finance Associates, the district's financial advisors, to select a consultant and to oversee conduct of the overall financial study.
2. That a large segment of the work will be sub-contracted via this request for proposals.
3. That this arrangement will facilitate the coordination between GFA and the Consultant to assure the studies are consistent in their assumption and in meeting the Commission's requirements.


BE IT THEREFORE RESOLVED that the Chairman and Secretary/Treasurer are authorized, on behalf of the Commission, to execute the agreement between the Commission and GFA for the consultant selection and financial analysis of facility consolidation, and approve an expenditure to GFA not to exceed \$3,000.

Passed by the Commission on January 10, 1989.


Chairman


Secretary/Treasurer

APPROVED AS TO FORM:


Metro General Counsel

REQUEST FOR PROPOSALS

FINANCIAL ANALYSIS OF FACILITY CONSOLIDATION

The Metropolitan Service District, the City of Portland, and Multnomah County are seeking proposals for a facility consolidation financial study. Proposals will be due on January 27, 1989 at 5:00 pm PDT at the offices of Government Finance Associates, Portland, Oregon.

POLICY BACKGROUND

CTS Master Plan

In May of 1986, the Council of the Metropolitan Service District (Metro) adopted the Regional Convention Trade and Spectator Facilities Master Plan. This master plan had been developed by a regional citizens committee, known as the CTS, Committee on Regional Convention, Trade, and Spectator Facilities. Similarly, the Portland City Council adopted Resolution #34110 declaring the City's intent to consider the recommendations called for in the CTS Master Plan.

Key among these recommendations was that Metro should develop and fund a regional convention and trade show center. Now fully funded and designed, the Oregon Convention Center is under construction, with completion scheduled for September of 1990.

A key recommendation of the CTS Master Plan is to consolidate the operation of the region's major regional convention, trade, and spectator facilities under one regional commission. The plan called for operation of the following facilities to be consolidated: the Memorial Coliseum Complex; Portland Civic Stadium (both operated by the Portland Exposition-Recreation Commission); the Multnomah County Expo Center (operated by Multnomah County); and the Oregon Convention Center. The regional commission was to be established as an autonomous management body established by the Metropolitan Service District, patterned after Portland's Exposition-Recreation Commission.

Since adoption of the CTS Master Plan, the Portland Exposition-Recreation Commission has assumed operation of the City's Center for the Performing Arts. This includes the Portland Civic Auditorium, the Arlene Schnitzer Concert Hall, and the two theaters of the Performing Arts Complex. These facilities are also to be considered for consolidation.

Metropolitan Exposition-Recreation Commission

Following recommendations of the Master Plan, the Metropolitan Service District created and appointed a seven member commission known as the Metropolitan Exposition Recreation Commission in October of 1987. Metro ERC has been charged with development of a 5-year operating plan. The 5-year plan was based on the assumption that consolidation would take place by July 1, 1989. The consolidation transition plan will be based upon the analysis to be completed and described herein.

FACILITIES OF THE STUDY

Convention Center Project

The site of the Oregon Convention Center is on the east bank of the Willamette River near Downtown Portland and the Lloyd Center. It is adjacent to the MAX light rail line and has excellent regional access. The Memorial Coliseum Complex, with its 12,000 seat arena and exhibit and meeting space is situated in the immediate vicinity.

The design of the center features five interconnected exhibit halls each of 30,000 square feet, a 25,000 sq ft ballroom, 30,000 sq. ft. of meeting rooms, a VIP lounge, galleries and pre-function space, lobbies and support areas as necessary to support the center's activities. Total size of the facility is approximately 500,000 square feet. Construction of the convention center is a function of the Metropolitan Service District's Convention Center Project office. The project office reports to the Metro Executive.

Construction funding of the project is secured by \$65 million in general obligation bonds; \$15 million from state lottery monies; and \$5 million from a local improvement district assessments.

Financial support for the Center's marketing program and expected operating deficit is to be provided in part by receipts from a Multnomah County hotel/motel tax, estimated at approximately \$2.6 million per year.

In mid-1987, Laventhol & Horwath completed an operations plan for the center, providing an estimate of staffing needs and all operating costs, and a comparison of those estimates to the operating experiences of similar sized convention centers around the nation.

Portland Exposition-Recreation Commission (ERC) Facilities

The Portland ERC has for over 28 years operated the region's major convention, trade, and spectator facilities, including:

- The Memorial Coliseum: A 12,000 seat arena with approximately 100,000 square feet of adjacent exhibit space. The Coliseum has operated with a profit throughout all of its life. Its principle sources of revenue are box office receipts, concessions revenue, and space rentals.

- The Civic Stadium: A 30,000 seat stadium serving baseball, football, and limited concert uses. The civic stadium has operated at a deficit, offset by profits earned at the Memorial Coliseum.

The Portland ERC assumed operation of the recently constructed Performing Arts Complex and City auditorium facilities in 1987. The Portland Center for the Performing Arts includes:

Portland Civic Auditorium with 3,000 seats;

The Arlene Schnitzer Concert Hall with 2,776 seats;

Performing Arts Complex with two smaller theaters seating 900 and 300 respectively.

The Center for the Performing Arts facilities currently operate at a deficit and have no identified long-term funding source. The ERC facilities, the Multnomah County Expo Center, and the Oregon Convention Center are the subject of this consolidation study.

PROJECT ORGANIZATION

The Metro ERC has contracted with Government Finance Associates (GFA), the District's Financial Advisors, to oversee conduct of the overall financial study. A large segment of this work will be sub-contracted via this Request for Proposals. The Metro ERC will select the consultant, while GFA will perform the mechanics of selection and contract management. GFA will also manage the overall work program to meet study objectives. While overall study coordination and logistics are to be managed by GFA, the consultant selected by the Metro ERC will be responsible independently for the quality of their reports and products, and will deliver those products on their own letterhead. This arrangement will facilitate the coordination between GFA and the consultant so that both of their studies are consistent in their assumption and in meeting the commission's requirements.

The study effort will be directed by the General Manager of the Metropolitan Exposition-Recreation Commission or his designee. The General Manager will report to Commission itself. The General Manager will be advised by chief financial officers from the agencies involved (Metro, City of Portland, and Multnomah County) meeting together with designated Metro ERC Commissioners as the study advisory committee.

PROPOSED SCOPE OF WORK

The scope of work for this consultant effort is envisioned to include the collection and compilation of a facility by facility data base. The study objectives are two-fold: (1) To document the current financial status of the facilities considered for consolidation -- providing a base for measuring effectiveness of consolidated management; and (2) Identification of financial issues which must be resolved for consolidation of facilities to proceed.

Substantial financial documentation and projections currently exist. The study work program will focus on assumptions inherent in the projections, and the accuracy of the projections. In addition, the study must document capital needs of the facilities under study, including major rehabilitation or maintenance items which should be planned for, as well as those capital improvements necessary to keep the facilities competitive on a national basis. Capital needs of existing facilities are to be addressed and current revenue sources are to be projected for 5 years, 10 years, and 20 years.

Following the consultant's findings, GFA will identify alternate government financing mechanisms, and scenarios for their application, for consideration of the region's governments.

The proposed scope is detailed below. Proposals submitted should specifically address how the consultant would approach each of the issues noted below.

Scope of Work

A. Detail Work Program/Meet with Involved Agency Staff

The first task will be to detail the work plan outlined below, specifying the data to be collected and compiled, and the time-line for completing the work.

Consultant will meet with staff from the various agencies involved. Agencies expected to be involved include Portland's Exposition-Recreation Commission, Metro, Metro

Exposition-Recreation Commission, City of Portland, and Multnomah County. Individual meetings with agency representatives will be used by the consultant to gain full understanding of the work conducted thus far; the characteristics and market niche of each of the facilities considered for consolidation, current budgets, staffing, capital improvement needs, and other characteristics determined to be important to this work scope.

B. Develop Facility Consolidation Information Base

The goal of this task is to collect information about each facility considered for consolidation. The information is to be collected, reviewed, verified, and translated as necessary to allow comparison and compilation between and among different facilities. Highest standards must be applied so that the information collected will withstand scrutiny, and form a rational basis for both policy and management decision-making to follow.

1. Review operating plan for the Oregon Convention Center drafted by Laventhol & Horwath. Review current status of accounts, including balances of convention center dedicated transient lodgings tax. Review and/or develop projections for future revenues from this source. Review current and proposed FY 89-90 Metro ERC budget. Review booking policies and rental rates. Identify funding issues which may affect future consolidation.

2. Review finances of the Portland ERC, including the Portland Center for the Performing Arts, over the last three years, and the budget as proposed for FY 1989-90. Review independently the costs, revenues, and capital outlay (major maintenance, rehabilitation, and improvement) for each facility under ERC management (Memorial Coliseum, Civic Stadium, Civic Auditorium, Arlene Schnitzer Concert Hall, Performing Arts Complex). Review status of ERC reserve fund. Review status of outstanding bond issues, or other obligations (such as construction claims, legal actions, etc.). Identify any funding issues which may affect future consolidation.

3. Define financial issues involved in consolidating the convention center with, and transferring management control of E-R Commission/City of Portland assets to Metro's Metropolitan Exposition-Recreation Commission (Metro ERC).

- Ascertain status of physical assets, including amount of deferred maintenance, useful life, value of each facility considered for consolidation. Proposal should indicate methodology for completing this task, including how value will be established. Identify desirable capital replacement/enhancement plans for each over both

the short-term (next 5 years) and long term (10 and 20 years).

- Define any financial effects of transfer options on City of Portland and Metro.

4. Provide the same analysis as detailed in (3) above for transfer of Multnomah County Expo Center to the Metro ERC.

C. Develop Composite Financial Analysis of Regional Facilities

1. Integrate findings and data detailed above (Current financial status, current asset status, etc.) into an overall financial model for all consolidated operations in the first year of consolidation (likely to be FY 1989-90), five years out from consolidation, ten years out from consolidation, and 20 years out from consolidation. Methodology established and study budget should allow for modeling a number of future alternatives -- or "what-if" scenarios.

2. Identify short and long-term financial, operational, or policy issues associated with consolidation of operations.

3. Identify short and long-term alternatives available for resolving financial, operational, or policy issues noted above.

D. Preliminary Interaction With Governments

Early in the process presentation of the model to Metro ERC, City and County for their comments, suggestions and "what-ifs" scenario.

Products and Coordination

At the initiation of work, the selected consultant will be required to meet with the General Manager and his advisory committee.

The consultant will prepare a progress memorandum presenting findings of each major task for the early review of General Manager and his advisory committee. A final draft report will contain the products of all tasks, and will be presented, in draft form, to the General Manager and his advisory committee, and the Metropolitan Exposition-Recreation Commission. After review and comment, the consultant shall prepare a final report incorporating the results of all tasks.

At the conclusion of the effort, a final presentation will be made to Metro ERC, the City ERC, the Metro Council, the Metro Executive, Multnomah County Commission, and the Portland City Council.

A camera-ready copy of the final report issued to Metro ERC will be required.

Project Schedule

The project is expected to begin by February 15, 1989 and should be completed by April 15, 1989. Upon presentation of a detailed work scope, specific milestones will be determined jointly by the consultant and the General Manager or his designee.

PROPOSAL CONTENTS

The proposal should contain not more than 10 pages of written material (excluding biographies and brochures, which may be included in an appendix), describing the ability of the consultant to perform the work requested, as outlined below:

- **Transmittal Letter** Indicate who will be assigned to the project, who will be project manager, and that the proposal will be valid for 45 days.
- **Approach** Describe how the work will be done within the given time frame and budget. Address specifically the manner the consultant will detail the tasks called for above. Include a proposed work plan, and schedule.
- **Staffing** Identify specific personnel assigned to major project tasks, their roles in relation to the work required, and special qualifications they may bring to the project.
- **Experience** List projects conducted over the past three years similar to the work required here. For three projects, include the name of contact person, his/her title, role on the project, and telephone number. Identify persons on the proposed study team who worked on each project, and their respective roles.
- **Cost** Present the proposed cost of the project and the proposed method of compensation. List hourly rates for staff assigned to the project by individual, hours programmed per individual, total personnel expenditures, estimated travel, materials and support services, and subconsultant fees (if any).

RFP as Basis for Proposals

This RFP represents the most definitive statement which will be made concerning information on which the proposals are to be based. Any verbal information not presented in this RFP will not be considered in evaluating the proposals.

All questions related to the RFP or to the project must be

submitted in writing. Any questions which, in the opinion of the General Manager, warrant a reply will be furnished to all parties receiving a copy of the RFP. Questions received after January 20, 1989 will not be responded to.

Role of the Consultant

This contract will be awarded to a single firm. Proposals must identify a single person as project manager. The consultant must assure responsibility for any subconsultant work and shall be responsible for the day-to-day direction and internal management of the consultant effort.

GENERAL CONDITIONS

1. Limitation and Award

This RFP does not commit to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. The right to accept or reject any or all proposals received as the result of this request, to negotiate with all qualified sources, or to cancel all or part of this RFP, is reserved.

2. Contract Type

A personal services contract with the selected firm for this project.

3. Billing Procedures

Proposers are informed that the billing procedures of the selected firm are to be subject to the review and prior approval before reimbursement of services can occur. A monthly billing, accompanied by a progress report, will be prepared for review and approval by the consultant.

4. Validity Period and Authority

The proposal shall be considered valid for a period of at least 45 days and shall contain a statement to that effect. The proposal shall contain the name, title, address, and telephone number of an individual or individuals with authority to bind any company contacted during the period in which the proposal will be evaluated.

5. Equal Employment Opportunity

The firm will not discriminate against any employee or applicant for employment because of race, color,

religion, gender, or national origin. The firm will take affirmative action to assure that applicants are hired, and that employees are treated, without any regard to race, color, religion, gender, or national origin. Such action shall include, but not be limited to, the following: employment upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

SELECTION CRITERIA

Criteria upon which the consultant will be selected include:

1. Completeness of the proposal.
2. Soundness of the approach to the required work.
3. Experience of the firm(s) and of the particular individuals assigned to the project.
4. Reasonableness of cost proposed.

SUBMITTAL INSTRUCTIONS

Submit 10 copies of your proposal by Friday, January 27, 1989, by 5:00 pm, to:

Attention of: Naomi Keck
Government Finance Associates
1300 SW 5th Avenue, Suite 2929
Portland, Oregon 97201

Proposed Scope of Work

Government Finance Associates -- Financial Advisors

Government Finance Associates (GFA) contract with the Metropolitan Service District will be amended to include the following tasks, to be funded by the Metropolitan Exposition-Recreation Commission:

1. Perform the mechanics of consultant selection for the RFP attached hereto. Consultant shall be selected by the Metro ERC.
2. Upon selection of the consultant noted above, oversee the consultant's work program detailed in the RFP attached to ensure highest quality product, maximum cost-effectiveness, schedule reliability, responsiveness to the needs of Metro ERC, and work products coordinated with those required by GFA portion of the work.
3. Develop for review of the Metropolitan Exposition-Recreation Commission, Metropolitan Service District, the City of Portland, Portland Exposition-Recreation Commission, and other involved governments, different financing alternatives to address the operating and capital shortfalls identified by previous consultant efforts.
4. Alternatives may address new revenue sources, expanding the base of existing funding sources, sharing of revenue among governments, and other accommodations which may be necessary to facilitate the goal of consolidated operations.
5. Consultant shall assess the feasibility of alternative funding sources, and identify issues seen in implementing each of these funding sources (for example legal, and policy issues). The desired objective is a financial plan to enable financial consolidation of facilities.
6. The final result will be a plan for financial consolidation of the region's inventory of convention, trade, and spectator facilities. The plan is seen as a guide for the governmental actions to accomplish the shared objective of financial consolidation of facilities under the Metropolitan Exposition-Recreation Commission.

In accomplishing the tasks above, GFA will report to the Metropolitan Exposition-Recreation Commission General Manager, who will be advised by a Committee of financial officers from the City of Portland, the Metropolitan Service District, and Multnomah County. GFA will work through the tasks above, sharing interim results at regular intervals with the General Manager and this advisory committee. This on-going work will be supported with technical memoranda as required. A final draft report will be prepared for review of the General Manager and his advisory

committee. Upon incorporation of comments, a final report shall be prepared and presented to several different audiences, which may include at the discretion of the General Manager, the Metro ERC, the Portland ERC, the Metro Council, the Metro Executive Officer, Multnomah County Commission, and the Portland City Council.

Work performed shall be billed at hourly rates established in the Metro-GFA agreement, and shall be detailed to separate work performed for this project from all other Metro projects.

Budget for task 1 above shall not exceed \$3,000.00. Budget for tasks 2 through 6 above shall be established through an amendment once the consultant called for in the attached RFP has been selected, and contract negotiated.