

# METROPOLITAN EXPOSITION-RECREATION COMMISSION

## RESOLUTION NO. 20

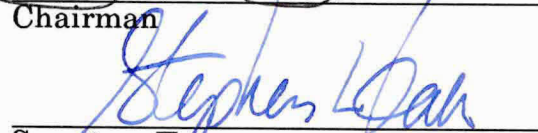
Approving authorization of a contract between the Metropolitan Exposition-Recreation Commission and Laventhol & Horwath to perform a financial analysis of facility consolidation.

The Metropolitan Exposition-Recreation Commission finds:

1. That the Commission developed and released a request for proposals for a financial analysis of facility consolidation.
2. That the Commission advertised the RFP in accordance with its adopted purchasing policies.
3. That the Commission received seven proposals from qualified firms.
4. That the Commission's management committee selected three of those firms for interview.
5. That the financial study management committee has selected Laventhol & Horwath to perform a financial analysis of facility consolidation.
6. That Laventhol & Horwath proposes to accomplish this work for a fee not to exceed \$58,000 plus a cap of \$9,500 for travel and other expenses.

BE IT THEREFORE RESOLVED that the Chairman and the Secretary/Treasurer are authorized on behalf of the Commission to execute the attached contract between the Metropolitan Exposition-Recreation Commission and Laventhol & Horwath for the financial analysis of facility consolidation.

Passed by the Commission on February 14, 1989.

  
Chairman  
Secretary/Treasurer

APPROVED AS TO FORM:

  
Metro General Counsel

## PERSONAL SERVICES AGREEMENT

THIS AGREEMENT dated this 14th day of February, 1989, is between the METROPOLITAN EXPOSITION-RECREATION COMMISSION ("COMMISSION"), a subdivision of the METROPOLITAN SERVICE DISTRICT ("Metro"), a municipal corporation, whose address is 2000 S.W. First Avenue, Portland, Oregon 97201-5398, and Laventhol & Horwath, hereinafter referred to as "CONTRACTOR" whose address is 100 South Ashley Tower, Suite 1500, Tampa, Florida 33602, for the period of February 15, 1989, through April 15, 1989, and for any extensions thereafter pursuant to written agreement of both parties.

### WITNESSETH:

WHEREAS, This Agreement is exclusively for Personal Services:

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

#### CONTRACTOR AGREES:

1. To perform the services and deliver to COMMISSION the materials described in the Scope of Work, Exhibit A, attached hereto;
2. To provide all services and materials in a competent and professional manner in accordance with the Scope of Work;
3. To comply with all applicable provisions of ORS Chapters 187 and 279, and all other terms and conditions necessary to be inserted into public contracts in the state of Oregon, as if such provisions were a part of this Agreement;
4. To maintain records relating to the Scope of Work on a generally recognized accounting basis and to make said records available to COMMISSION at mutually convenient times;
5. To indemnify and hold COMMISSION and its agents and employees harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of, or in any way connected with its performance of this Agreement.
6. To comply with any other "Contract Provisions" attached hereto as so labeled.

#### COMMISSION AGREES:

1. To pay CONTRACTOR for services performed and materials delivered a sum not to exceed \$58,000, plus a cap of \$9,500 for travel and administrative expenses, for a total of \$67,500 and in the manner and at the time designated in the Scope of Work; and

2. To provide full information regarding its requirements for the Scope of Work.

**BOTH PARTIES AGREE:**

1. That COMMISSION may terminate this Agreement upon giving CONTRACTOR five (5) days written notice without waiving any claims or remedies it may have against CONTRACTOR:

2. That in the event of termination, COMMISSION shall pay CONTRACTOR for services performed and materials delivered prior to the termination; but shall not be liable for indirect or consequential damages;

3. That in the event of any litigation concerning this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and costs on appeal to an appellate court.

4. That this Agreement is binding on each party, its successor, assigns, and legal representatives and may not, under any condition, be assigned or transferred by either party; and

5. That this Agreement may be amended only by the written agreement of both parties.

LAVENTHOL & HORWATH

By: 

Date: 2-15-89

METROPOLITAN EXPOSITION-  
RECREATION COMMISSION

  
Chairman

Date: 2-14-89

  
Secretary/Treasurer

Date: 2-22-89

Approved as to form:

  
Metro General Counsel

## SCOPE OF SERVICES

The following work program addresses the general approach to be undertaken by the consultant team. The work plan that follows displays the proposed sequence of tasks and the overall timing of these efforts as indicated by the time schedule included at the end of this section. Although these tasks appear to be sequential, it should be noted that the phases and some individual work tasks may be conducted concurrently where possible. Likewise, the actual work plan as developed in Phase I may alter the proposed schedule or actual tasks as depicted in this scope of services. The relationship of the team members is depicted in Exhibit A, Organization Chart at the end of this section.

### I.A. Orientation

Following receipt of written authorization to proceed, the consultant will meet with designated client personnel in order to:

- o Establish direct lines of communication between Government Finance Associates (GFA), City of Portland and Multnomah County staff, Metro and any other representatives who will be involved in coordination and liaison for the work program.
- o Discuss goals and objectives of the City, County and the Metropolitan Exposition Recreation Commission.
- o Identify and discuss issues relevant to the proposed research program and provide general insights.
- o Identify other appropriate contacts and resources necessary to ensure complete examination of issues and specific relevant data.

### I.B. Data Acquisition

This task entails the collection of data relevant to both existing and proposed facilities operating status, planning information and facility characteristics. This will be achieved by:

- o Visits and/or interviews with involved agencies, organizations and individuals to include (as appropriate):
  - Portland's Exposition Recreation Commission
  - Metro

## Scope of Services

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- . Metro Exposition Recreation Commission
  - . City of Portland
  - . Multnomah County
  - . Others, as appropriate
- o Facility inspection of buildings, involving tours of local and regional public assembly facilities by the consultant with the guidance of local facility management. Physical and design characteristics will be identified for each facility and data relevant to utilization and operation will be obtained.

### I.C. Develop Work Plan

Based on the issues and goals as set forth by the orientation effort we will work with designated client representatives, GFA and our team members in preparing a detailed work plan and schedule to address the specific needs of the client group.

### PHASE II. FACILITY INFORMATION BASE

Based on the data collected in Phase I we will develop a uniform system of accounts for reporting purposes. This uniform reporting system will place all the facilities' utilization and financial data on a common basis with which the consultants and the client can evaluate both existing and future operations.

Included in this financial and operational information base are the elements as outlined in your RFP:

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).

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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 REC).
  - o Ascertain status of physical assets, including amount of deferred maintenance, useful life, value of each facility considered for consolidation. Identify desirable capital replacement/enhancement plans for each over both the short term (next five years) and long term (10 and 20 years).
  - o Define any financial effects of transfer options on City of Portland and Metro.

### PHASE III. FINANCIAL ANALYSIS

Using the information base developed in Phase II, we will prepare a financial model which will allow the consultants and client to evaluate alternative operational scenarios. The following reporting periods will be included in the financial model:

- o First year of consolidation of operations
- o Five, ten and twenty years projections

Based on these financial models, we are prepared to address various implementation or policy issues associated with operations, management or financial performance. Among these issues we may consider such items as booking policies, rate structure, operational shortfalls, staffing, and others as appropriate.

### TIMING

Based on the scope of services as outlined, we estimate the entire work effort will require approximately seven to eight weeks. Assuming a start date of approximately February 15, 1989, we are prepared to deliver a final report by April 15, 1989.

## Scope of Services

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### MEETINGS

As depicted in Exhibit B, our work plan allows for three meetings: one at "kick-off," one at the beginning of Phase III and a final presentation. In the Phase III work session we expect to work with appropriate client representatives to develop the baseline (first year consolidation), five, ten and twenty years "what if" scenarios.

### REPORTS

Interim memorandums will be issued at the completion of Phase I and Phase II in order to apprise the client of our progress. Based on the Phase III meeting and Phase III analysis, we will prepare a draft final report for your review. Based on your comments, a final report will be prepared which will contain full documentation of our findings, conclusions and recommendations.

### FEES

Based on the scope of services outlined in our proposal, we submit the following budget for consideration:

<u>Professional Fees</u>		
PHASE I.	Orientation/Work Plan	\$ 10,000
PHASE II.	Facility Information Base	30,000
PHASE III.	Financial Analysis	<u>18,000</u>

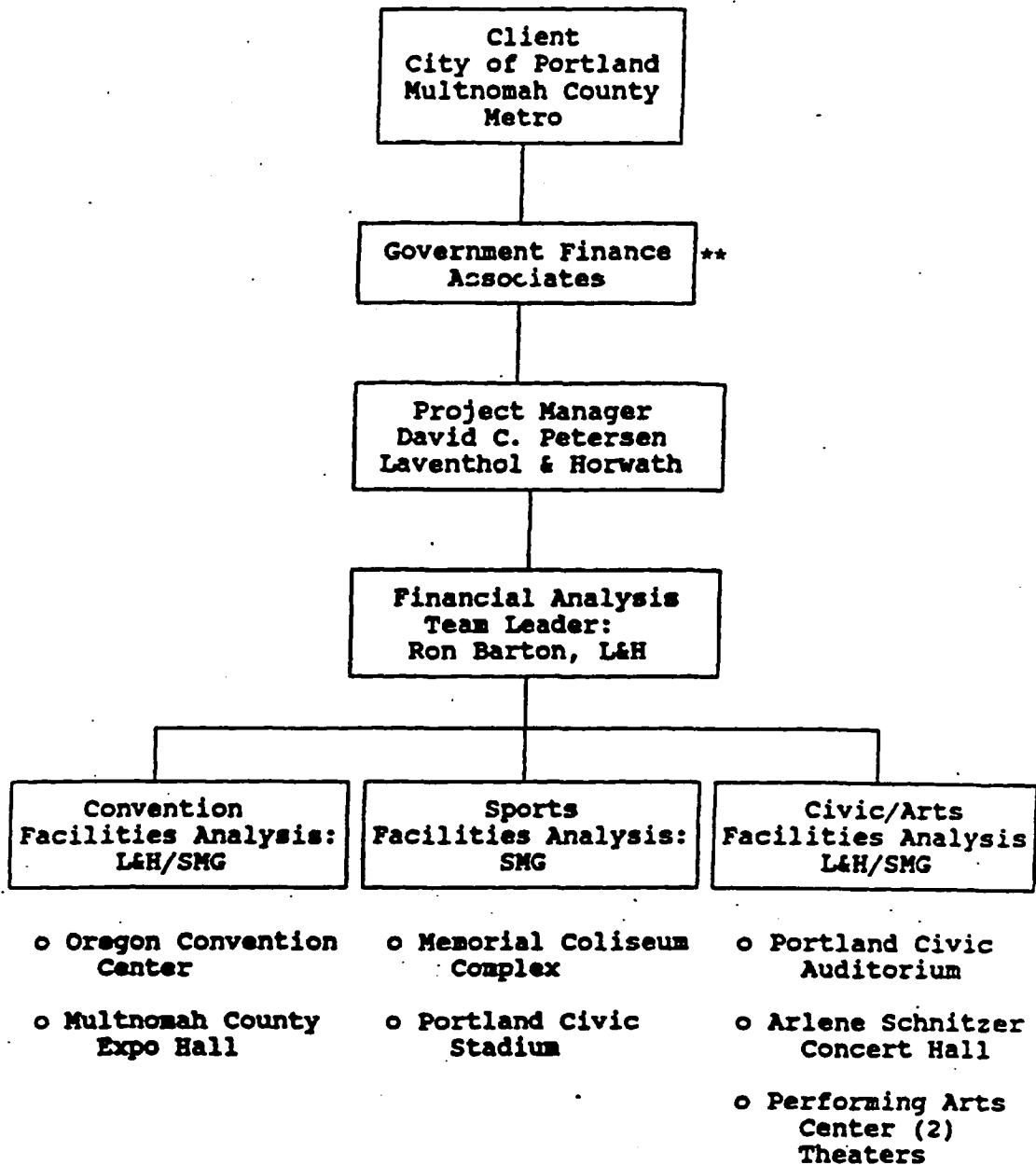
Total Professional Fees: \$ 58,000\*

\*plus out of pocket expenses 9,500

Costs associated with travel, typing, reproduction, postage, telephone, computer time, and other out-of-pocket expenses are not included in professional fees and will be invoiced as the engagement proceeds. To maintain independence, we reserve the right to withhold written reports, draft or final, until all accounts are current.

Our fee estimate is subject to upward revision if the engagement entails more time than estimated, more meetings or if problems are encountered that are unforeseeable at the commencement of the engagement. If unusual matters come to our attention that warrant additional work (professional fees) that will exceed our fee estimate, we will discuss the matter with you so that a mutually acceptable revision may be made.

**EXHIBIT A**  
**ORGANIZATIONAL CHART**



\*\* The Laventhol and Horwath contract is with M.E.R.C. GFA will provide guidance and coordination for L&H as M.E.R.C.'s agent.



**EXHIBIT B  
WORK PLAN AND SCHEDULE  
PORTLAND FACILITIES STUDY**

WORK TASK ELEMENTS	Weeks								
		1	2	3	4	5	6	7	8
PHASE I. MARKET DEMAND ANALYSIS									
A. Orientation		*—							
B. Data Acquisition		_____							
C. Develop Work Plan		_____							
PHASE II. FACILITY INFORMATION BASE									
		_____							
A. Review Operating Plan		_____							
B. Review Finances		_____							
C. Define Financial Issues		_____							
D. Prepare Financial Information Base		_____							
PHASE III. FINANCIAL ANALYSIS									
A. First Year Consolidation		_____*							
B. 5, 10, 20 Years "What-Ifs"		_____X/*							

X = Report Product

\* = Client Meetings