

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 225

Whereas, the Metropolitan Exposition-Recreation Commission periodically reviews and sets rental rates and policies for the Portland Center for the Performing Arts (PCPA); and

Whereas, the Commission adopted a three-tier rental policy on June 10, 1992 (Resolution #183) and rental rates and the Commission wishes to update the policy and rates,


THE METROPOLITAN EXPOSITION-RECREATION COMMISSION FINDS:

1. That some minor housekeeping language changes are necessary to the policy as attached in Exhibit 1; and,
2. That rental rates for FY94 be established for the Portland Center for the Performing Arts at the same rate as FY93.

BE IT THEREFORE RESOLVED:

1. That the Metropolitan Exposition-Recreation Commission adopts the revised rental policy attached as Exhibit 1 effective the date of this resolution, and rental rates for the Performing Arts Center facilities attached as Exhibit 2 effective July 1, 1993.

Passed by the Commission on May 12, 1993,



Chair



Secretary/Treasurer

APPROVED AS TO FORM:

DANIEL B. COOPER, GENERAL COUNSEL

By: 

Mark B. Williams
Metro Senior Assistant Counsel

POLICY FOR RENTAL RATES
AT THE
PORTLAND CENTER FOR THE PERFORMING ARTS

EXHIBIT 1

I. GENERAL PROVISIONS

This policy applies only to the Portland Center for the Performing Arts (PCPA). There shall be a three-rate structure for the PCPA.

- A. Commercial
- B. Standard Not-for Profit
- C. Resident Company

Commercial rates shall apply to all events, unless a written application for Standard Not-for-Profit or Resident Company rates has been filed with and approved by the Director of the PCPA. Written applications for Standard Not-for-Profit rates must be filed at least seventy-five (75) days prior to the event. Written applications for Resident Company rates must be filed at least sixty (60) days prior to the beginning of the Company's subscription season, and, if approved, shall apply to the entire season. The Director may require that applicants use written applications prepared and approved by PCPA staff.

The Director, with written notice to the applicant, may require re-application and re-evaluation of an application for reduced rates whenever it appears that the nature of the sponsoring organization has changed or that representations made in the application were untrue or are no longer true.

The Director of the PCPA shall have the authority to approve or disapprove applications for Standard Not-for-Profit or Resident Company rates, based on the standards set out in this Policy. The Director may request from any organization seeking these reduced rates any information, including but not limited to access to accounting records and promotion agreements, which he/she deems necessary or desirable in order to determine if these rates apply. Failure by an organization to timely comply with a request for information by the

Director, or the submission of false information, shall result in automatic rejection of the application for reduced rates.

In the event that the Director disapproves an application, the Director's decision shall become final, unless within fourteen (14) calendar days, the organization submitting the application appeals the Director's decision to the General Manager of the Metropolitan Exposition-Recreation Commission (Commission) in writing. The General Manager's decision shall be final and binding, unless within fourteen (14) calendar days, the organization submitting the application appeals the General Manager's decision to the Commission in writing. The Commission's decision shall be final and binding.

Nothing in these rates shall prohibit the Director from entering into agreements with different rate structures, when, in his/her judgment, such agreements are necessary and/or desirable from a business perspective.

Whenever a question arises as to the meaning or interpretation of this policy or any other policy or practice of the Commission, the interpretation given by the Commission and/or its designee(s) shall be final and binding.

II. STANDARD NOT-FOR-PROFIT RATES

In order to qualify for the Standard Not-for-Profit rates, the following conditions must be met:

- A. The sponsoring organization must be currently recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code and related sections, as now or hereafter amended. The organization must be a locally based not-for-profit organization with a local Board of Trustees or Board of Directors, or qualify for funding from the Metropolitan Arts Commission. "Local" includes any area within the boundaries of the Metropolitan Service District or Clark County, Washington. At the time of application, the organization must provide accurate

copies of its Bylaws, Articles of Incorporation, a current list of Trustees or Directors, with city/town or residence for each, and IRS determination letter. Alternatively, sponsoring organizations which are subdivisions of local governments may also be eligible for Not-for-Profit rates.

- B. Event must be booked a minimum of forty-five (45) days in advance, unless otherwise approved by the Director.
- C. Organization must be current on any payments to any Metro ERC facilities, including the PCPA or its subcontractors.
- D. Organization must be in compliance with all pertinent laws or rules regarding charitable organizations and charitable solicitations, if applicable.
- E. At the time of application, the organization must provide proof that all income from the event will be for the sole economic benefit of the organization, including proof that any expenses incurred in presenting the event are reasonable and consistent with charitable fund-raising events.

III. RESIDENT COMPANY

In order to qualify for the Resident Company rates, the following conditions must be met:

- A. The sponsoring organization must be currently recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code and related sections, as now or hereafter amended. The organization must be a locally based not-for-profit organization with a local Board of Trustees or Board of Directors, or qualify for funding from the Metropolitan Arts Commission. "Local" includes any area within the boundaries of the Metropolitan Service District or Clark County, Washington. At the time of application, the organization must provide accurate copies of its Bylaws, Articles of Incorporation, a current list of Trustees or

Directors, with city/town or residence for each, and IRS determination letter. Alternatively, sponsoring organizations which are subdivisions of local governments may also be eligible for Resident Company rates.

- B. Organization must have been in continuous existence for the last three years and/or currently presenting a subscription season at the PCPA.
- C. Producing and/or presenting events open to the public must be the primary activity of the organization.
- D. Organization must book a volume of not less than \$5,000 per season worth of performances (rent only), or a minimum of three (3) events and six (6) performances.
- E. Organization must have a subscription season at the PCPA.
- F. The organization must provide some program, performances or events which are low cost or no cost to the public either at the PCPA or other locations in the region and/or provide some low-cost tickets to all events.
- G. The organization must recognize the PCPA in marketing, promotional material and event program, and list the name of the PCPA, its staff, and the names of the Metropolitan Exposition-Recreation Commission members in the event program if such a program is distributed to audience members.
- H. Organization must be current on any payments to any Metro ERC facilities, including the PCPA and its subcontractors.
- I. All bookings must be complete with firm commitments for dates by March 1 of the prior booking season. The Director may exempt certain special events from this requirement.

PORTLAND CENTER FOR THE PERFORMING ARTS

FY 1993-94

COMMERCIAL RATES	CIVIC AUDITORIUM	ARLENE SCHNITZER CONCERT HALL	INTERMEDIATE THEATRE	DOLORES WINNINGSTAD THEATRE
PERFORMANCE-EVENING	2,200 MINIMUM*	2,200 MINIMUM*	750	400
PERF. 2ND EVENING	1,650 MINIMUM*	1,650 MINIMUM*	550	300
PERFORMANCE-EVENING 3/4 HOUSE			575	
PERFORMANCE-EVENING 1/2 HOUSE	1,450 MINIMUM*	1,450 MINIMUM*	500	
PERFORMANCE-MATINEE	1,250 MINIMUM*	1,250 MINIMUM*	425	225
PERFORMANCE-MATINEE 3/4 HOUSE			375	
PERFORMANCE-MATINEE 1/2 HOUSE			275	
PERFORMANCE-MORNING	550	550	200	150
REHEARSAL/LOAD-IN DAY	1,100	1,100	400	200
LOBBY FUNCTION	650	850	650	

* Plus 8% of gross ticket sales over \$45,000.00 per performance.

PORTLAND CENTER FOR THE PERFORMING ARTS

FY 1993-94

STANDARD NOT-FOR-PROFIT RATES	CIVIC AUDITORIUM	ARLENE SCHNITZER CONCERT HALL	INTERMEDIATE THEATRE	DOLORES WINNINGSTAD THEATRE
PERFORMANCE-EVENING	1,870 MINIMUM*	1,870 MINIMUM*	640	340
PERF. 2ND EVENING	1,400 MINIMUM*	470 MINIMUM*	470	255
PERFORMANCE-EVENING 3/4 HOUSE			490	
PERFORMANCE-EVENING 1/2 HOUSE	1,235 MINIMUM*	1,235 MINIMUM*	425	
PERFORMANCE-MATINEE	1,065 MINIMUM*	1,065 MINIMUM*	360	190
PERFORMANCE-MATINEE 3/4 HOUSE			320	
PERFORMANCE-MATINEE 1/2 HOUSE			235	
PERFORMANCE-MORNING	470 MINIMUM*	470 MINIMUM*	170	130
GRADUATION	1,900	1,900		
REHEARSAL LOAD-IN DAY	935	935	340	170
LOBBY FUNCTION/ RECEPTION	550	725	550	
REHEARSAL - ON STAGE/MORNING		400	150	85

*Plus 5% of gross ticket sales over \$45,000 per performance.

RESIDENT COMPANY RATES

Exhibit 2 - page 3

PORTLAND CENTER FOR THE PERFORMING ARTS

FY 1993-94

RESIDENT COMPANY RATES	CIVIC AUDITORIUM	ARLENE SCHNITZER CONCERT HALL	INTERMEDIATE THEATRE	DOLORES WINNINGSTAD THEATRE
PERFORMANCE-EVENING	440 MINIMUM*	440 MINIMUM*	150	80
PERF. 2ND EVENING	330 MINIMUM*	330 MINIMUM*	110	60
PERFORMANCE-EVENING 3/4 HOUSE			115	
PERFORMANCE-EVENING 1/2 HOUSE	290 MINIMUM*	290 MINIMUM*	100	
PERFORMANCE-MATINEE	250 MINIMUM*	250 MINIMUM*	85	45
PERFORMANCE-MATINEE 3/4 HOUSE			85	
PERFORMANCE-MATINEE 1/2 HOUSE			55	
PERFORMANCE-MORNING	110	110	40	30
REHEARSAL LOAD-IN DAY	220	220	80	40
LOBBY FUNCTION/ RECEPTION	130	170	130	
REHEARSAL - ON STAGE MORNING		400	30	20

*Plus 5% of gross ticket sales over \$45,000.00 per performance.



Portland Center for the Performing Arts

Robert A. Freedman, Director / Portland Civic Auditorium • Arlene Schnitzer Concert Hall • Intermediate Theatre • Dolores Winningstad Theatre

TO: Metropolitan Exposition-Recreation Commission
FROM: Robert A. Freedman
DATE: May 7, 1993
SUBJECT: FY94 Rental Rates

The Portland Center for the Performing Arts Advisory Committee has recommended to the Commission that rental rates for FY94 remain the same as this current fiscal year.

In the interest of moving this item forward, I wish to join with the Advisory Committee on this recommendation.

As you know, I have supported the 6% rental increase for several reasons, the main reason being that it helps to meet the bottom line that I was instructed to achieve by the Commission.

Clearly rental increases will apply in future budgets, but in FY94 this is a timing issue for our tenants. We at the PCPA, from the information that we have learned, feel it is prudent to hold rental rates in FY94 and review this matter in FY95 anticipating gaining additional support from resident companies in funding their home facility.

In the hope that delaying the potential rent increase at this time will generate significant support from the resident companies in helping to fund the PCPA, and that the Commission will not reduce the expenditure side of the budget to meet this potential lost revenue, it is probably best to retain the FY93 rental rates into FY94.

Staff Comment
PCPA Advisory Committee Recommendation
FY94 Rental Rates/Schedule of Facility Charges
Page 2

For your information, staff is committed to do whatever it can to achieve income goals even without the rental increase through aggressively marketing the facility and perhaps gain a Broadway series for Civic Auditorium. We cannot guarantee exceeding this revenue number, but will give this our very best effort.

As the Peat Marwick report recommended, the Commission should take formal action on approving rental rates. Therefore a vote is required to approve rental rates for FY94 at the same level as FY93. Also, I'm requesting your approval the housekeeping changes in the rental policy, as approved by the Advisory Committee. These housekeeping changes consist of: 1) requiring the State Certificate of Incorporation as additional documentation for both Standard and Resident rates; and, 2) clarifying the level of use that will allow for qualification for Resident Company rates.

Staff also supports waiting until the June meeting for action on the Schedule of Facility Charges.

TO: Metropolitan Exposition-Recreation Commission

FROM: Portland Center for the Performing Arts Advisory
Committee
Pam Baker, Chairperson *JP*

DATE: May 7, 1993

SUBJECT: Rental Rates, Educational Programming, Schedule of
Facility Charges

As you are aware, the Commission recently asked the Advisory Committee to look at several issues including rental rates, educational programming and the Schedule of Facility Charges.

Work groups of the Advisory Committee spent considerable time reviewing these items with staff and user groups. Then the entire group took action on a number of them at our last meeting.

Attached is a memo from Harriet Sherburne to the Advisory Committee which summarizes the findings of the Budget Work Group. In consideration of the recommendations of the Budget Work Group, chaired by Harriet Sherburne, the Advisory Committee recommends the following action by the MERC.

1. Note that the approved Children's Education Program for Summer, 1993 has been funded from carryover savings from FY93, thereby avoiding an impact on the approved FY94 budget.

These activities are budgeted to generate approximately \$18,700 in potential revenue, and may actually earn enough tuition to cover all costs. We have already, as of 5/6/93, received \$13,000 in registration fees to offset the \$25,000 expenditure, and there are still 5 weeks before the first class starts. POVA has also agreed to fund \$4,000 in scholarships. We currently show 143 registrations, nearly double the 76 participants in the 1992 summer program.

2. As approved by the Metro Council, budget \$50,000 more in promotions and marketing activity to include approximately \$15,000 in expenditures for the Children's Education Program for Summer, 1994.

PCPA ADVISORY COMMITTEE MEMO
RENTAL RATES-FY94/OTHER MATTERS
PAGE 2

3. Approve continuation of the existing rental rates and structure through FY94. Develop a 3-year forecast of budget policies and guidelines that will allow PCPA to develop a multi-year business plan and budget proposal for FY95, FY96 and FY97.

Approve the changes in the rental policy as submitted by the PCPA Director.

4. If necessary, adjust the \$200,000 contingency expenditure budget or the bottom line by \$40,000 to account for the stable rent rate and structure in FY94.

5. Due to time constraints, the Advisory Committee was not able to consider the Schedule of Facility Charges for FY94. We request that the MERC postpone action on this item until next month's meeting (June) at which time the Advisory Committee will have had time to review and advise on the proposal.

The Portland Center for the Performing Arts Advisory Committee appreciates the opportunity to advise on these important and sensitive matters. We believe this spirit of cooperation is helpful in achieving meaningful and appropriate decisions regarding the operation and future success of our premiere arts facilities.

If a more comprehensive financial review is desired, the Advisory Committee and staff would welcome review by a knowledgeable, objective consultant with specific experience in performing arts center management. We are as eager as anyone in the community to assure efficiency of operations and responsible use of public funds.

As we prepare to request major public and private community support for on-going PCPA operations it is important all parties and the public have confidence in the on-going management of the facilities.

MEMO

TO: PCPA ADVISORY COMMITTEE
FROM: HARRIET SHERBURNE
DATE: APRIL 26, 1993
SUBJECT: AD HOC BUDGET WORK GROUP OF ADVISORY COMMITTEE

The Metropolitan Exposition - Recreation Commission asked the Portland Center for the Performing Arts Advisory Committee to review the FY 1994 PCPA Budget in consideration of the following questions:

(1.) Is the adopted PCPA budget for FY 1994 appropriate in areas of Materials and Services and Personnel; are there additional cuts which should be considered at this time?

(2.) With the approval of a Children's Education Program for Summer 1993 at a cost of \$25,198.00, what are the offsetting reductions in the FY '94 budget which could be made to fund this additional activity, while maintaining the mandated bottom line of (\$1,193,520.00).

(3.) What is the recommendation of the PCPA Advisory Committee on the proposed rent rate increase for FY '94?

In addressing these questions, the Budget Work Group has met on several occasions in order to understand the original requested budget, prepared by PCPA Director and Staff; the reductions incorporated in the adopted FY '94 PCPA Budget; and the additional cuts which might be considered to reduce costs and/or to fund the Children's Education Summer Program. The Work Group reviewed extensive documentation and met with Department Managers, as well as General Management Staff. This review has been informative and productive for all involved, improving communications and deepening understanding of complex issues.

There has been a general perception that the cost of operating PCPA facilities has grown alarmingly and there is "fat" to be cut. Consideration by the Budget Work Group has identified that many years of consolidated operation have obscured the costs associated with each unit of the MERC facilities. FY '94 is the first time that PCPA buildings have been shown on a nearly stand-alone basis, with separate personnel, as well as material and services expenditures. Only since January 1993 have facilities managers had sole review of all bills and invoices related to their properties. Management accountability is slowly being realized as re-structuring occurs.

The review of the approved FY '94 Budget does not reveal the presence of "fat" or other excess in any Department or program. In fact, the original budget submission more fully reflects the adopted public service mission of the PCPA. However, the Advisory Committee recognizes the fiscal imperatives faced with a declining reserve fund, and generally accepts the program and staff reductions in the approved budget.

The budget review has also shown that the PCPA shortfall for FY '93 will be lower than budgeted. A portion of these positive results are attributed to cost savings in the current year, and prudent staff management of resources. However, some of the benefit results from cost allocation processes which have not charged staff housed in other facilities for work performed at PCPA, as had been planned in the '93 budget. These positive results would allow the Summer '93 Children's Education Program to be funded with carry-over moneys, rather than further reductions in the 1994 budget, which begins July 1, 1993.

The Advisory Committee concludes that the personnel budget for PCPA contains no excess, and may even be lower than that required to provide operations and tenant support functions. There are instances where staff work well beyond the normal week to accomplish the tasks to support the daily operations of the multiple facilities and performance stages. With the steps toward decentralization, many staff are picking up responsibilities in addition to their already full schedule of duties. PCPA has a complement of skilled, experienced staff who are dedicated to their work and to the purposes for which PCPA facilities exist. No further reductions can be made without impairing basic facility operations. It is important that the new General Manager and the Advisory Committee carefully evaluate FY '94 performance to determine whether number of staff and their scope of responsibility are sufficient to meet operations and customer service requirements.

In the current budgetary process, the Metro Finance and Budget Committee has recommended and approved \$50,000.00 to be reinstated in the promotion and marketing budget for PCPA. In committee discussions it was agreed that no less than \$15,000.00 of this total should be committed to arts education activity. This category reinstatement would allow for the Children's Education Program in Summer 1994 to be funded in FY 1994. The infusion of funds for promotion and marketing was achieved by Metro staff adjustment of other line items in the expense budget. Details of the additions and subtractions have not yet been developed for formal approval.

The matter of rental rate changes in FY '94 is a complex and sensitive issue. Major scale debate in 1992 resulted in a new rent rate and a three tier rent structure which addresses issues of fairness for non-profit arts organizations. Many participants in the 1992 debate believed that the rents and tiers were set for more than one year - and that all parties would work together to establish a new revenue source to fund the operations of the performing arts facilities for the long-term. Lack of stability in rent rates creates havoc in business planning and ticket pricing for both commercial promoters and non-profit arts organizations.

The proposal for a 6% increase in rent rates in FY '94 was put forward together with other adjustments to the original PCPA budget request in order to meet the MERC mandated bottom line number. The increased rate brings approximately \$40,000.00 in additional revenue to the overall budget, which exceeds \$5,000,000.00 - less than

1%. Even though the sum is quite insignificant, it has major impact on relations with customers and arts organizations who must work together in harmony to address serious arts funding issues. It seems highly counter-productive to introduce any rent rate change for FY '94.

In considerations of the recommendations of the Budget Work Group and the foregoing, the PCPA Advisory Committee recommends the following action by MERC:

1. Fund the approved Children's Education Program for Summer 1993 from carry-over savings from FY '93, thereby avoiding an impact on the approved FY '94 Budget.*
2. Budget \$50,000.00 more in promotions and marketing activity, to include expenditures for the Children's Education Program for Summer 1994.*
3. Approve continuation of the existing rental rates and structure through FY '94. Develop a 3-year forecast of budget policies and guidelines that will allow PCPA to develop a multi-year business plan and budget proposal for FY '95, '96 and '97.
4. If necessary, adjust the \$200,000.00 contingency expenditure budget or the bottom line by \$40,000.00 to account for the stable rent rate and structure in FY '94.

*NOTE: These activities are budgeted to generate \$18,700.00 in potential revenue, and may actually earn enough tuition to cover all costs.