

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 94-17

Authorizing amendments to the FY 1993-94 Adopted Budget for the Expo Center fund.

The Metropolitan Exposition-Recreation Commission finds that the following budget amendments are necessary:


| | <u>Adopted Budget</u> | <u>Amendment</u> | <u>Revised Budget</u> |
|-------------------|---------------------------|------------------|---------------------------|
| Total Resources | \$1,549,532 | \$(356,632) | \$1,192,900 |
| Personal Services | \$ 378,807 | \$(200,657) | \$ 178,150 |
| Mat'ls & Services | \$ 568,048 | \$(339,868) | \$ 228,180 |
| Capital Outlay | \$ 168,970 | \$(129,470) | \$ 39,500 |
| Transfers | \$ 173,339 | \$(81,670) | \$ 91,669 |
| Contingency | \$ 50,000 | \$(21,000) | \$ 29,000 |
| Restricted Fund | | | |
| Bal.-Mult. Co. | \$ 0 | \$ 243,000 | \$ 243,000 |

BE IT THEREFORE RESOLVED:

That the Metropolitan Exposition-Recreation Commission approves the above budget amendment and submits it to the Metro Council.

Passed by the Commission on April 20, 1994.


Chairman


Secretary-Treasurer

Approved as To Form:
Daniel B. Cooper, General Counsel

By: 
Mark B. Williams
Senior Assistant Counsel

MERC STAFF REPORT

Agenda/Item Issue: Approval of the amendment to the Expo Center FY 93-94 budget.

Resolution No. 94-17

Date: April 20, 1994

Presented By: Heather Teed

BACKGROUND AND ANALYSIS:

When the original Expo Center budget for FY 93-94 was prepared, it contemplated a full year of operations by Metro/MERC. However, management of the Expo Center by MERC did not occur until January, 1994 (i.e. one-half of the fiscal year). Therefore, in order to properly reflect only 6 months of operations and to obtain more realistic budget figures from which to manage the Expo Center, staff recommends amending the current budget.

This budget amendment was prepared based on our current knowledge of the operations and based on staff's assessment of needs of the Expo Center. The revised budget amounts may not necessarily be simply one-half of the original budget; staff made a concerted effort to compile the numbers based on zero-based budgeting practice.

FISCAL IMPACT:

The revised budget results in a total projected net cash flow of \$349,401. Based on the capital needs of the Expo Center, staff is recommending that \$200,000 of this positive cash flow be restricted or reserved for future capital improvements.

Staff has determined the future capital needs of the Center to be approximately \$3,100,000, based on our knowledge to date. As part of the transition of the Expo from Multnomah County, Expo received \$285,000 (approximately) for capital outlay expenditures that the County had budgeted for FY 93-94. This amount will be applied to the projects staff has identified. However, there remains a need for \$2,815,000. This amount needs to be funded from Expo net cash flow over the next five years (approximately).

Consistent with the Commission direction of establishing and funding a Future Capital Fund (contained in Resolution 93-28 attached), staff recommends that an annual amount of \$560,000 (i.e. \$2,815,000/5 years) from Expo's net cash flow be budgeted for this purpose. This annual amount will depend, of course, on the budgeted available net cash flow each year. For FY 93-94 the amount available for this purpose is \$200,000.

MERC STAFF REPORT
Resolution No. 94-17
April 20, 1994
Page 2

As also contained in Resolution 93-28, staff recognizes that Expo has a commitment to subsidize Parks for their operational deficit. The financial projection attached to Resolution 93-28 established a projected transfer to Parks of \$244,545, for a full year of operations. Since the budgets are being revised for one-half year, staff estimates the park subsidy will be approximately \$122,283 (i.e. \$244,545 x 50%). The proposed budget amendment leaves approximately \$150,000 available for the Parks subsidy.

RECOMMENDATION:

Staff recommends that the MERC Commission approve the 1993-94 Expo Center budget amendment and forward it to Metro Council for their consideration and approval.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 93-28

Authorizing the General Manager recommend to Metro that the following operating issues be incorporated into an Operating Policy Statement relating to the Commission's acceptance to manage the Multnomah County Expo Center.

The Metropolitan Exposition-Recreation Commission finds:

1. That it is the intent that the Expo Center will support the County Fair, as stated in the Inter-Governmental Agreement, by providing free rental of facilities, all full time operational staff for setup and tear-down and all revenues generated by the Fair will go to the County Fair Fund. This would be provided by MERC for two years only, 1994 and 1995;

2. That MERC will assist the Fair Advisory Committee and Fair Board in converting to a private non-profit operation in 3 years, with the expectation that they will then be charged the same as other tenants;

3. That a budget for Fiscal Year 1993-94 has been approved by Metro and that MERC accepts that future budgets will require a subsidy to Parks (Green Spaces) annually for their operational deficit. The transfer amount represents the projected support to offset operational shortfalls as long as such funds are available from net profits of the Expo operation or until alternative funding for Green Spaces is found. (See attached financial projections). Any excess funds beyond the transferred, budgeted or projected amount shall remain with the Expo Center for use as the Commission shall determine exclusive to the operations of the Expo Center;

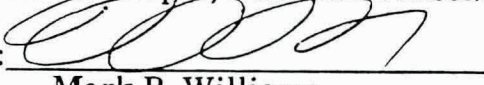
4. That a Future Capital Fund be established and funded annually as part of the Expo Center Budget to be used for major maintenance, capital projects and master plan enhancements. All of these expenditures and annual contributions to the Future Capital Fund to be determined by the MERC Commission in the budget process;


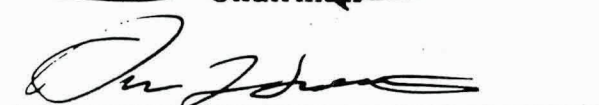
5. That as of January 1, 1994, MERC assumes management responsibility of the Multnomah County Expo Center pending approval of the Intergovernmental Agreement by both Metro and Multnomah County and that the above recommended operational policies be incorporated in the annual management principles set forth as an Operating Policy Statement.

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission accepts responsibility for the management of the Multnomah County Expo Center pending approval of the IGA and recommends the incorporation of the above operational policy statement.

Passed by the Commission on December 8, 1993

Approved As To Form
Daniel B. Cooper, General Counsel:

By: 
Mark B. Williams
Senior Assistant Counsel


Chairman

Secretary/Treasurer

PARKS AND EXPO CENTER FINANCIAL PROJECTIONS KEY ASSUMPTIONS

1. **Excess resources generated at the Expo Center and Glendoveer Golf Course would be available to support county parks and cemetery activities.**
2. **County parks, Glendoveer Golf Course and cemetery functions would be managed jointly with the Metro Greenspaces program.**
3. **MERC would manage the Expo Center in conjunction with other MERC facilities.**
4. **The fund balance is transferred with the functions.**
5. **The Fair is treated as any other Expo Center user. A revenue neutral pass through of fair-related racing revenues is budgeted.**
6. **Expo fee increases go into effect July 1, 1994.**
7. **There would be selective implementation of the Expo Center capital improvement plan, including only life-safety projects and other projects necessary to keep the facility functional.**
8. **Excise tax would be imposed as an add-on charge to all eligible revenue sources beginning July 1, 1994. The amount generated would be transferred back as needed to cover costs.**
9. **Revenue producing capital projects would be constructed using revenue bonds and/or private contractors. Operations and debt service would be covered by project revenues.**

**Multnomah County Parks and Expo Transfer
Updated Summary Financial Projections
August 11, 1993**

| Metro Adopted Budget | Revised | | | |
|----------------------------|------------|------------|------------|------------|
| | FY 1993-94 | FY 1994-95 | FY 1995-96 | FY 1996-97 |

Resources

| | | | | | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Fund Balance | \$187,372 | \$450,000 | \$207,868 | \$177,027 | \$128,625 |
| Parks Revenues | 1,788,524 | 1,788,524 | 1,867,229 | 1,968,290 | 2,071,388 |
| Expo Revenues | 1,549,532 | 1,549,532 | 1,659,981 | 1,702,608 | 1,821,229 |
| Excise Tax Earned on Parks and Expo | 0 | 0 | 191,829 | 199,514 | 211,833 |
| General Fund Support | 80,000 | 0 | 0 | 0 | 24,445 |
| Total Resources | \$3,605,428 | \$3,788,056 | \$3,928,907 | \$4,047,439 | \$4,257,518 |

Requirements

| | | | | | |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Regional Parks | \$2,214,264 | \$2,275,201 | \$2,363,337 | \$2,469,302 | \$2,643,648 |
| Expo | 1,301,164 | 1,304,987 | 1,386,543 | 1,449,511 | 1,513,872 |
| Contingency | 90,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Unappropriated Balance | 0 | 107,868 | 77,027 | 28,625 | 0 |
| Total Requirements | \$3,605,428 | \$3,788,056 | \$3,928,907 | \$4,047,439 | \$4,257,518 |

RECAP:

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Expo Revenue: | \$1,549,532 | \$1,659,981 | \$1,702,608 | \$1,821,229 |
| Expo Require: | \$1,304,987 | \$1,386,543 | \$1,449,511 | \$1,513,872 |
| Projected Expo Transfer for Parks Subsidy | \$ 244,545 | \$ 273,438 | \$ 253,097 | \$ 307,357 |