

Metropolitan Exposition-Recreation Commission

Resolution 96-17

Whereas, the MERC has operated diverse facilities successfully for several years with a diminishing subsidy and restricted funding sources; and

Whereas, the original "Consolidation" agreement setting up MERC envisioned that a Phase 2 agreement would take place as soon as "financial stability" occurred; and

Whereas, with the transfer of the Coliseum facility from MERC to the Oregon Arena Corporation, the MERC lost \$1M annually which was used to maintain financial stability; and

Whereas, a committee of 9 appointed and elected officials was organized to study the issues and make a recommendation to the Metro Council and to the Portland City Council and the committee met for 10 months and discussed all relevant issues; and

Whereas, the committee made certain recommendations which are crucial to the future of the facilities and to MERC itself; and

Whereas, it is timely and appropriate for the MERC to consider the committee's report and to adopt certain recommendations; **NOW, THEREFORE,**

BE IT RESOLVED THAT the Metropolitan Exposition-Recreation Commission adopts the following principles which are substantially the same as certain of the committee recommendations as follows:

1. The Regional Facilities currently operated or which will be operated by MERC or its successor organization should be managed together as a flexible financial and operational system.
2. The governance of the facilities should be structured as to allow the facilities and the management organization running them to:
 - a. Operate in an independent and entrepreneurial manner
 - b. Be accountable to the public entities which it represents
 - c. Decide the type, level, cost and effectiveness of support services
 - d. Maintain qualified MERC employees and absorb qualified Metro employees to fill any new positions in the successor organization as required by law and legal precedent; and recognize any bargaining units as may also be required by law to the extent that any structural change, transfer or transition may require it.
3. The Consolidation Committee's "financial projections summary" (dated 12-4-95 @ 2:08 p.m.) is accepted and its priorities for first, OCC's need for operating and reserve funds, and second, PCPA's need for operating subsidy from hotel tax funds, is recognized.
4. The PCPA should receive a financial subsidy using pooled hotel tax funds. The subsidy has been \$600,000 and has been inadequate to meet the building, staff, and marketing needs of the facility. The estimate of needed subsidy to fully meet these needs as defined in the consolidation process as of 12/95 was \$1,500,000. It is MERC's intention that it will commit necessary staff, budget adequately for building maintenance and repair, and increase marketing as needed (with advice from the PCPA Advisory Committee); and will cover shortfalls between income and expenditures with up to \$1,500,000 of pooled funds. To the extent that business at the facility continues to be managed successfully, the subsidy needed to meet this standard may be less.

5. The City of Portland and Metro Government should each make on-going \$250,000 annual commitments to the operation of the PCPA.

This \$500,000 of combined additional public funds from the City and Metro should be used, consistent with the recommendations of the Consolidation Committee, mostly to lower fees to the principal tenants.

6. The Expo center should be considered a part of the financial system only after continuing to pay \$325,000 annually to parks and any other prior financial obligations. MERC believes this subsidy to Parks should cease by the year 2000.


7. The Civic Stadium should be operated without additional public subsidy and within its own reserve fund for the next several years. It will be considered part of the "system" of facilities and pooled funds may be used to cover unanticipated shortfalls after other priorities stated above are met. A Civic Stadium Advisory Group is currently preparing a long range plan which will be completed by 5/1/96.


8. The precise structure of a MERC replacement organization should remain undecided pending the recommendation of a "transition committee"; and should be determined based on the extent to which the proposed structure meets the goals stated here.

9. Major capital improvements for the facilities which cannot be supported with operating revenues may be met thru future general obligation or revenue bonds or other sources.

10. These recommendations are interdependent and should be considered as a package in order to provide a coherent framework.

Passed by the Commission on March 13, 1996.


Chairman


Secretary-Treasurer

APPROVED AS TO FORM:
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