

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 95-7


Approving Rental Rate Schedules at the Portland Center for the Performing Arts for FY 95-96, 96-97, and 97-98.


The Metropolitan Exposition-Recreation Commission finds:

1. That the Commission adopted a three-tier rental policy and rates for PCPA in June, 1992; an increase of 7% was approved to be effective July 1, 1994 for one year only.
2. That the PCPA Business Plan (adopted March 30, 1994) identified a financial crisis for the facilities and mandated a complete analysis of rental rates and rent structure in comparison to like facilities.
3. That the market analysis was completed and alternatives were given extensive public review by commercial presenters, Resident Companies, non-profit organizations, PCPA Advisory Committee, and others; this extensive development and review process has generated a number of refinements that have been incorporated into the rate schedules.
4. That it is appropriate to adopt a four-tier rental policy and rates, with increases set for three fiscal years; this multi-year approach provides predictability for plans and budgets developed by users and by PCPA.

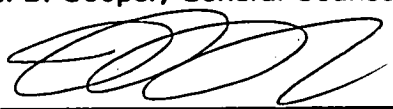
BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission approves the Rental Rates at the PCPA as attached, to be effective July 1 of the respective Fiscal Year.

Passed by the Commission on February 8, 1995.


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: Rental Rates FY 95-96,96-97,97-98

Resolution No. 95-7

Date: February 8, 1995 **Presented By:** Harriet Sherburne

Background and Analysis: The Business Plan for PCPA mandated a complete analysis of rental rates and rent structure in relation to like arts complexes in the nation. With the assistance of the PSU Department of Fine & Performing Arts, information was collected on four comparable sets of facilities; preliminary conclusions were subject to evaluation by user groups, and PCPA Advisory Committee. In addition, staff gathered information from interviews with commercial presenters, professionals in the field, and other research sources. Proposals were developed to streamline rents into fewer categories; to bring commercial rates in line with actual cost of operation of the respective performance hall, and with market rates in comparable facilities; to revise the discount schedule for non-profit users wherever possible, bringing rates into relation with actual cost of operation. Further details are covered in the accompanying "Proposal Summary". It has also been determined that predictability of rates for at least 3 years is critical to PCPA and its users in developing plans and budgets for performance seasons. Rates with increases of approximately 4% per year have been developed for adoption through FY 97-98.

Fiscal Impact: The original objective of this work was identification of sources for \$400,000 in additional annual revenue. After extensive evaluation of alternatives, it was determined that market conditions would not support the magnitude of change in rates needed to attain the financial target. Under the proposed rates, if the number and quality of events in PCPA facilities experienced in FY 1993-94 were to continue in 1995-96, it is estimated that non-profit users would generate \$40,000 to \$50,000 in increased revenue; and that commercial events would generate \$30,000 to \$50,000 in additional revenue. Additional revenue of \$100,000 will be incorporated in the FY 95-96 Budget.

Discussion with Commission Liaison and/or Users: Over the course of more than 6 months' work, there has been extensive interchange with commercial and non-profit users, PCPA Advisory Committee, elected officials, and professionals in the field. The Liaison Committee has been directly involved in public workshops and Advisory Committee discussions on rental policies and rates.

Recommendation: Staff recommend that the MERC Commission approve and adopt the four-tier schedule of rents for FY 95-96, 96-97,97-98.

FEBRUARY 1995

PCPA STREAMLINED RENTS AND RATE CHANGES

PROPOSAL SUMMARY

Since rental income is a significant revenue source for PCPA, it is important to keep pace with market conditions and to set fair rates for all users. Consistent with the implementation work program of the PCPA Business Plan, extensive research and analysis has been carried out to determine the nature of the competitive market for comparable theatre spaces. A series of policy and rate actions have been considered to address the situation, and to spread the responsibility for financial support to all categories of users of the facilities. The following are proposed for consideration to be effective July 1, 1995.

1. Increase the commercial rent rates (Tier 1) approximately 4 percent as shown on the accompanying chart; for the 2 large halls also adopt a rental rate which is Base Rate versus 8 percent of (adjusted) gross ticket sales, whichever is greater. (The adjustment excludes user fee from the gross sales.) There would no longer be a deduction of \$45,000 before making the percentage calculation. This approach on commercial rents is used throughout the nation, and the rates (base and percentage) are comparable to other facilities in the northwest. In addition, the commercial rents have been streamlined to reduce the number of categories from 10 to 8 and many of the charges have been simplified as fractions of the Base Rate (e.g. 50%). In the large halls, the minimum rent covers actual operating cost as identified in earlier analyses. For the Intermediate and Winningstad Theatres, the rental rates are the same for evening, morning and matinee performances; this change relates to the goal of establishing rates as close as possible to the actual cost of operating the hall. Tier 1, for each of the halls, becomes the basis for calculating discounts to other classes of users of PCPA facilities.

2. Create an additional rental rate for non-ticketed events that is higher than the Base Rate for a category of rent which off-sets the absence of user fee income on non-ticketed events. This approach is used in comparable arts facilities with changes comparable to the user fee. The non-ticketed event rate will be adopted for all three tiers, but it will not apply to performances for school children.

3. Establish a limit on the number of days which would be available at the rehearsal/load-in/dark day rate on all tiers of the rent schedule. A maximum 5 days per production at the rehearsal/load-in rate would be allowed; all additional days for load-in, rehearsal, for dark days will be charged at the performance rate. Additional days at load-in rate to change configuration of Winningstad Theatre will be permitted on a case-by-case basis.

4. The Tier 4 schedule is the lowest available rate; there would be no further discounts off the approved tiers of the rate schedule, as has been the practice in the past.

5. Increase the non-profit rent rate (Tier 2) approximately 4 percent, as shown in the on the rate chart; generally a 15% discount off the Base Rate of the Commercial Rent Rate chart. The RECOGNIZED TENANTS, formerly Standard Not-For-Profit Users would be approved to pay this rate. The Graduation Rate is charged for each such event; if there are multiple graduations in one day, each is charged at the set rate. The Tier 2 rates have been streamlined from 12 categories to 8.

6. For the five major users which would be moved from the Resident Company to the Featured Tenant status, create a Tier 3 which is a 50% discount off the Base Rate of the Commercial Rent Rate chart. The tier is streamlined to 6 categories.

7. The rental rate for PRINCIPAL TENANT, formerly Resident Company, (Tier 4) is increased as shown; this rate is generally an 80% discount off the commercial rate with significant streamlining from 11 categories to 6. The additional rent (5% of gross sales with negotiated cap) has been eliminated for Principal Tenants. For the Intermediate and Winningstad Theatres, the rates for morning and matinee performances are lower than for evening events, recognizing that these rates encourage Principal Tenant companies to present performances for school children during daytime hours. In order to qualify for Tier 4 rental rates, the user would be required to meet specific standards for annual activity and contribute to achieving the mission of PCPA.

8. The User Fee will remain as adopted in current policy for all MERC facilities.

9. Rental Rates should be adopted at this time for 1995-96 as well as for the 1996-97 and 1997-98 seasons; proposed rates for each year are attached. For Tier 1 & 2, the rates are increased approximately 4 percent per year, rounded to the nearest \$5.00 increment. For Tier 3, the rates are set at 50% off the Base Rate of Tier 1. For Tier 4, the rates are increased in increments of \$5.00 and \$10.00, rather than an exact percentage of the 95-96 rate.

PCPA RENTAL RATES 1995-96

EXHIBIT A

T I E R 1	COMMERCIAL RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	2,500 v. 8%*	2,500 v. 8%*	850	475
	2nd PERFORMANCE-EVENING	1,800 v. 8%*	1,800 v. 8%*	650	350
	NON-TICKETED EVENT-EVENING	3,500	3,500	1,000	575
	1/2 HOUSE PERFORMANCE-EVENING	1,800 v. 8%*	1,800 v. 8%*	N/A	N/A
	PERFORMANCE-MATINEE	1,800 v. 8%*	1,800 v. 8%*	850	475
	PERFORMANCE-MORNING	1,000	1,000	850	475
	LOBBY FUNCTION	950	1,250	950	N/A
	REHEARSAL/LOAD-IN DAY	1,250	1,250	450	250

T I E R 2	RECOGNIZED TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	2,125 v. 5%*	2,125 v. 5%*	725	400
	2nd PERFORMANCE-EVENING	1,500 v. 5%*	1,500 v. 5%*	550	300
	NON-TICKETED EVENT-EVENING	2,975	2,975	850	490
	1/2 HOUSE PERFORMANCE-EVENING	1,500 v. 5%*	1,500 v. 5%*	N/A	N/A
	PERFORMANCE-MATINEE	1,500 v. 5%*	1,500 v. 5%*	725	400
	PERFORMANCE-MORNING	850 v. 5%*	850 v. 5%*	725	400
	GRADUATION	2,050	2,050	N/A	N/A
	REHEARSAL/LOAD-IN DAY	1,000	1,000	450	250

T I E R 3	FEATURED TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	1250	1,250	425	238
	2nd PERFORMANCE-EVENING	900	900	325	175
	NON-TICKETED EVENT-EVENING	1,750	1,750	500	288
	PERFORMANCE-MATINEE	900	900	425	238
	PERFORMANCE-MORNING	500	500	425	238
	REHEARSAL/LOAD-IN DAY	625	625	225	125

T I E R 4	PRINCIPAL TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	500	500	175	95
	2nd PERFORMANCE-EVENING	360	360	130	70
	NON-TICKETED EVENT-EVENING	700	700	200	115
	PERFORMANCE-MATINEE	360	360	105	60
	PERFORMANCE-MORNING	200	200	55	45
	REHEARSAL/LOAD-IN DAY	250	250**	95	55

*Base rate v. 8% of adjusted gross whichever is greater

**Morning orchestra rehearsals 3 hours or less \$150

PCPA RENTAL RATES 1996-97

T I E R 1	COMMERCIAL RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	2,600 v. 8%*	2,600 v. 8%*	885	495
	2nd PERFORMANCE-EVENING	1,875 v. 8%*	1,875 v. 8%*	675	360
	NON-TICKETED EVENT-EVENING	3,640	3,640	1,050	600
	1/2 HOUSE PERFORMANCE-EVENING	1,875 v. 8%*	1,875 v. 8%*	N/A	N/A
	PERFORMANCE-MATINEE	1,875 v. 8%*	1,875 v. 8%*	885	495
	PERFORMANCE-MORNING	1,050	1,050	885	495
	LOBBY FUNCTION	990	1,300	990	N/A
REHEARSAL/LOAD-IN DAY	1,300	1,300	470	260	

T I E R 2	RECOGNIZED TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	2,210 v. 5%*	2,210 v. 5%*	750	420
	2nd PERFORMANCE-EVENING	1,575 v. 5%*	1,575 v. 5%*	575	310
	NON-TICKETED EVENT-EVENING	3,095	3,095	890	510
	1/2 HOUSE PERFORMANCE-EVENING	1,575 v. 5%*	1,575 v. 5%*	N/A	N/A
	PERFORMANCE-MATINEE	1,575 v. 5%*	1,575 v. 5%*	750	420
	PERFORMANCE-MORNING	895 v. 5%*	895 v. 5%*	750	420
	GRADUATION	2,130	2,130	N/A	N/A
REHEARSAL/LOAD-IN DAY	1,050	1,050	470	260	

T I E R 3	FEATURED TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	1,300	1,300	443	248
	2nd PERFORMANCE-EVENING	938	938	338	180
	NON-TICKETED EVENT-EVENING	1,820	1,820	525	300
	PERFORMANCE-MATINEE	938	938	443	248
	PERFORMANCE-MORNING	525	525	443	248
REHEARSAL/LOAD-IN DAY	650	650	235	130	

T I E R 4	PRINCIPAL TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	525	525	185	100
	2nd PERFORMANCE-EVENING	375	375	135	75
	NON-TICKETED EVENT-EVENING	725	725	210	120
	PERFORMANCE-MATINEE	375	375	110	65
	PERFORMANCE-MORNING	210	210	60	50
REHEARSAL/LOAD-IN DAY	260	260**	100	60	

*Base rate v. 8% of adjusted gross whichever is greater

**Morning orchestra rehearsals 3 hours or less \$150

PCPA RENTAL RATES 1997-98

T I E R 1	COMMERCIAL RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	2,700 v. 8%*	2,700 v. 8%*	920	515
	2nd PERFORMANCE-EVENING	1,950 v. 8%*	1,950 v. 8%*	700	370
	NON-TICKETED EVENT-EVENING	3,775	3,775	1,100	625
	1/2 HOUSE PERFORMANCE-EVENING	1,950 v. 8%*	1,950 v. 8%*	N/A	N/A
	PERFORMANCE-MATINEE	1,950 v. 8%*	1,950 v. 8%*	920	515
	PERFORMANCE-MORNING	1,100	1,100	920	515
	LOBBY FUNCTION	1,025	1,350	1,025	N/A
	REHEARSAL/LOAD-IN DAY	1,350	1,350	490	270

T I E R 2	RECOGNIZED TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	2,295 v. 5%*	2,295 v. 5%*	775	440
	2nd PERFORMANCE-EVENING	1,650 v. 5%*	1,650 v. 5%*	600	320
	NON-TICKETED EVENT-EVENING	3,215	3,215	930	530
	1/2 HOUSE PERFORMANCE-EVENING	1,650 v. 5%*	1,650 v. 5%*	N/A	N/A
	PERFORMANCE-MATINEE	1,650 v. 5%*	1,650 v. 5%*	775	440
	PERFORMANCE-MORNING	940 v. 5%*	940 v. 5%*	775	440
	GRADUATION	2,210	2,210	N/A	N/A
	REHEARSAL/LOAD-IN DAY	1,100	1,100	490	270

T I E R 3	FEATURED TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	1,350	1,350	460	258
	2nd PERFORMANCE-EVENING	975	975	350	185
	NON-TICKETED EVENT-EVENING	1,888	1,888	550	313
	PERFORMANCE-MATINEE	975	975	460	258
	PERFORMANCE-MORNING	550	550	460	258
	REHEARSAL/LOAD-IN DAY	675	675	245	135

T I E R 4	PRINCIPAL TENANT RATE	CIVIC AUDITORIUM	ASCH	INTERMEDIATE	WINNINGSTAD
	PERFORMANCE-EVENING	550	550	195	105
	2nd PERFORMANCE-EVENING	390	390	140	80
	NON-TICKETED EVENT-EVENING	750	750	220	125
	PERFORMANCE-MATINEE	390	390	115	70
	PERFORMANCE-MORNING	220	220	65	55
	REHEARSAL/LOAD-IN DAY	270	270**	105	65

*Base rate v. 8% of adjusted gross whichever is greater

**Morning orchestra rehearsals 3 hours or less \$150