

**Metropolitan Exposition-Recreation Commission**

**Resolution 01-43**

For the Purpose of approving an amendment and transmitting the MERC Convention Center Project Capital Fund approved annual budget for the fiscal year 2002-03.

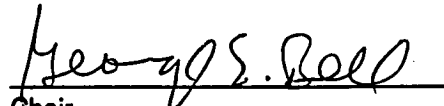
Whereas, Metro Code 6.01.050 provides that the Commission shall annually prepare and approve an annual budget which shall, to the maximum extent permitted by law, consist of one commission-wide series of appropriations in those categories which are required by local budget law, applicable to all buildings, facilities, and programs managed by the Commission; and

Whereas, the Commission approved and transmitted the MERC Operating Fund, MERC Pooled Capital Fund and the Convention Center Project Capital Fund for the Fiscal Year 2002-03 on October 24, 2001.

Whereas, following the Commission's approval of these budgets additional developments regarding the Convention Center Project Fund were ascertained:

**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition-Recreation Commission approves the amendment and transmits to the Metro Executive and Council the Convention Center Project Capital Fund as amended, attached as Exhibit "A" for the Fiscal Year beginning July 1, 2002 and ending June 30, 2003 for inclusion as part of the total Metro budget.

Passed by the Commission on November 28, 2001.

  
Chair

  
Secretary-Treasurer

APPROVED AS TO FORM:  
Daniel B. Cooper, General Counsel

By:   
Senior Assistant Counsel

## MERC Staff Report

**Agenda Item/Issue:** Approving an amendment and transmitting the Convention Center Project Capital Fund for Fiscal-Year 2002-03.

### **Resolution 01-43**

**Date:** November 28, 2001

**Presented by:** Bryant Enge

### **Background Analysis:**

The Convention Center Capital Project Fund's budget is being resubmitted to you for your consideration and approval. In the development of the original submission the budget did not account for interest earned in the current and subsequent fiscal years, representing approximately \$3.1 million dollars based on the Metro's treasurer forecast. In addition, we are now projecting a higher beginning fund balance. Due to the delay in the timing of the construction start, total project spending is expected to be \$5.3 million less than originally projected at the start of the FY 2002-03. As a result, the budget has been increased by \$8.4 million to recognize these additional resources.

### **Recommendation:**

Staff recommends passage of the Metropolitan Exposition-Recreation Commission Resolution 01-43 amendment for the Convention Center Capital Project Fund's balance for fiscal year 2002-03.

DATE: November 21, 2001  
TO: MERC Commission  
FROM: Bryant Enge  
RE: Convention Center Capital Project Fund's Budget

The Convention Center Capital Project Fund's budget is being resubmitted to you for your consideration and approval. In the development of the original submission the budget did not account for interest earned in the current and subsequent fiscal periods, representing approximately \$3.1 million dollars based on the Metro's treasurer forecast. In addition, we are now projecting a higher beginning fund balance. Due to the delay in the timing of the construction start, total project spending is expected to be \$5.3 million less than originally projected at the start of the FY 2002-03. As a result, the budget has been increased by \$8.4 million to recognize these additional resources.

BME

Fiscal Year 2002-03

**RESOURCES DETAIL AND ANALYSIS****Revenue to Date (thru 6/30/01) <sup>1</sup>**

Bonds	99,253,818
PDC	4,968,142
Car Rental Tax	710,725
MERC	5,062,797
Interest To Date	1,896,594
<b>TOTAL REVENUE TO DATE</b>	<b>111,892,076</b>

**Actual Expenditures To Date (thru 6/30/01) <sup>1</sup>**

Repay Loan Interest	(6,464)
Interfund Transfers	(166,395)
Expenditures To Date (FY99-00 thru FY00-01)	(14,286,044)
<b>TOTAL EXPENDITURES TO DATE</b>	<b>(14,458,903)</b>

Fund Balance as of 6/30/01 97,433,173

**Budget Summary Fiscal Year 2002 - 03**

	<u>FY 2001-02</u> (ADOPTED)	<u>FY 2002-03</u> (PROPOSED)
<b>Beginning Fund Balance</b>	97,433,173 <sup>2</sup>	32,352,069 <sup>5</sup>
<b>Other Resources</b>		
Interest on Investments	2,878,629 <sup>3</sup>	229,294 <sup>3</sup>
<b>Total Resources</b>	<b>100,311,802</b>	<b>32,581,363</b>
<b>Requirements:</b>		
Personal Services	436,277	451,893
Materials & Services	23,200	22,700
Capital Outlay	67,223,028	31,919,829
Interfund Transfers	277,228	186,941
Contingency	2,411,209	0
Ending Fund Balance	29,940,860 <sup>4</sup>	0
<b>Total Requirements:</b>	<b>100,311,802</b>	<b>32,581,363</b>
<b>Full-Time Equivalent Staffing</b>	<b>4.75</b>	<b>4.80</b>

- 1) Project funding from inception through FY 00-01
- 2) Actual beginning fund balance
- 3) Projected interest on investments
- 4) Estimated ending fund balance based on actual beginning fund balance and projected interest earnings.
- 5) Estimated FY 01-02 ending fund balance with contingency included.
- 6) All other figures reflect adopted budget information.

**OCC EXPANSION PROJECT OFFICE  
DEPARTMENT OVERVIEW  
FISCAL YEAR 2002-03**

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**Mission Statement**

To attract the maximum amount of economic benefit in the State of Oregon and the Metropolitan region of Portland, planning for an expansion to the Oregon Convention Center has been under development for the past several years. The mission of the OCC Expansion Project Office is to design and coordinate the actual construction of an expansion to the existing facility that will:

- Nearly double the available rental square footage of exhibit hall, ballroom, and meeting room space;
- Create a "seamless" appearance from the existing facility to the Expansion areas for event continuity;
- Maintain a construction schedule that will have minimal impact on scheduled events yet meet scheduled completion date in 2003.
- Provide the maximum amount of space, amenities, and equipment possible within established budget.

**Division Profile**

The Expansion of the Oregon Convention Center has been authorized by previous budgeting processes and is being developed to provide additional rentable area for diverse usage by conventions, trade shows, and local events. The Expansion shall be designed to meet the needs of the users of the facility and to enhance the community of Portland as an economic engine through increased convention and trade show business. This expansion will assist in providing a facility that meets the needs of a greater sector to the convention and trade show industry as well as further the mission of the Oregon Convention Center.

This Expansion shall provide an additional 105,000 square feet of Exhibit space, 34,000 square feet of Ballroom space, and 30,000 square feet of meeting room space. Included in this project will be expanded event support areas including prefunction areas, lobby, 800-space underground parking structure, food service, and miscellaneous operational spaces. This program has been presented to the Oregon Convention Center Expansion Advisory Committee, and has been approved for meeting the intent authorized by previous budget approvals.

The development of the Expansion requires the completion of multiple tasks including the design, construction, and transitions from the present facility to the expanded facility. The management of the multiple tasks to be completed in the construction of the Expansion will be managed by the Expansion Project Team that is being supervised by Scott Moss, Metro Assistant ASD Director, and Jeff Blosser, OCC Facility Director. Secondly, the OCC Expansion Advisory Committee, comprised of outside citizens within the construction trades, provides project oversight to review the actions of the Expansion Team and provide leadership and recommendations on critical project issues.

## **Project Expenditures**

The Expansion Project Team has prepared the FY 2002-03 budget based on predicted expenditures of the construction of the Expansion from the project master schedule dated September 19, 2000 prepared by Hoffman Construction, the CM/GC for the Expansion project. The revised Project schedule based on bids received on 8/29/01 is still pending. The bulk of the Project expenditure has been shifted to FY 01-02 / 02-03 due to the delay caused by the November 2000 referendum. The execution of design services and construction of the parking garage was being primarily completed and funded in budget periods FY 00-01 and 01-02. The Expenditure projection for the FY 02-03 budget period is predominantly for the direct construction cost of the Expansion. The other major expenditures for FY 02-03 are remaining design services and equipment. Owner equipment is scheduled to be purchased in budget period 02-03 in preparation for the opening of the Expansion scheduled for April 2003.

A summary breakdown of revenue and expenditures for this \$115 million project is included on Page 4 of this narrative. In brief, expenditures have been as follows:

Inception through June 30, 2001: \$14,459,025  
Adopted for FY 01-02: \$67,959,733  
Proposed for FY 02-03: \$32,581,363

The OCC Expansion Advisory Committee has reviewed the current budget and will provide recommendation on the final Project budget in November 2001. The Committee will make any necessary comments to the MERC Commission and/or General Manager prior to submission to the MERC Commission.

## **Significant Changes for FY 2002-03**

When compared to FY 2001-02 budget, significant changes in spending will occur due to changes in the construction of the project. Whereas the budget for FY 01-02 was primarily capital for permits, materials and labor for construction of the parking garage, the primary expenses in FY 02-03 will be for the construction and finish completion of the Project. In addition, the FTE for the department is being slightly increased from its current 4.75 FTE to 4.80 FTE with the addition of .05 FTE for time expected to be spent by the MERC Capital Projects' Assistant. In addition, a nominal estimate has been made for additional pay-out of unused vacation by the Expansion Staff, should the closeout of the Project be completed by June 2003, following the Expansion's opening in April of that year. There is no expected change in the amount of hours of intern assistance for the department.

## **Significant Accomplishments FY 2001-02**

The start of construction for the 800-space parking structure and the still on-schedule expected opening of the lower level in April 2002 are the major tasks completed this year. In addition, the major phase of the Project has now been designed and bid, with bids overall being within anticipated costs. Review in October 2001 of the overall Project budget due to an estimated \$1 million shortfall of interest revenues from lowered interest rates will command a significant amount of attention. Close monitoring and management of the construction of the Expansion will continue to keep construction on schedule and within budget. With the start of steel construction still expected for January 2002 as scheduled, it is still anticipated that the Project construction will be completed on time in April 2003.

### **Major Objectives for FY 2002-03**

- 1) Manage all aspects of the development of the project to meet project milestones and remain on schedule and within budget so that the facility can be utilized for its intended purpose in the shortest period of time.
- 2) Provide a facility that provides features that reduce operational cost for the longer-term management of the Oregon Convention Center.
- 3) Verify that input from users and the public is incorporated into the construction so as to maximize the desires of conventions, trade shows, and general events that regularly utilize the facility.
- 4) Manage the completion of construction so that it has the least impact to continual operation of the facility so that the continuing operations can be as profitable as possible during the construction.
- 5) Provide an expanded facility that enhances the local neighborhood by providing features that create a better environment and community.

### **Major Work Plan**

- 1) Continue the administration of all phases of the Expansion Project, including re-allocation of the Project Budget to allow for projected \$1 million shortfall in interest revenues.
- 2) Finish the design process with the Design Team to meet the needs of the users.
- 3) Manage the construction phase of the Expansion to meet budget and schedule requirements.
- 4) Continue the coordination process required to have the least impact on existing operation of the Oregon Convention Center and maximize the ability for construction to be completed.
- 5) Organize and manage the selection of furniture and equipment for the Expansion.
- 6) Organize and manage the commissioning process for the Expansion.

### **Performance Measures**

1. Set and maintain the Project Schedule so as to meet anticipated opening of the lower level of the parking structure in April 2002, and occupancy of the Expansion in April of 2003.
2. Oversee project costs so as to remain within the \$116 million project budget.
3. Maintain Work Force labor requirements target of minimum 17%.
4. Results from Project Performance Evaluations to be conducted bi-yearly by the OCC Expansion Advisory Committee.

**Budget Summary**

The following presents a brief expenditure overview of the \$115 million Project to date:

<b>Actual Revenue To Date<sup>1</sup></b> <i>(FY 99-00 and 00-01)</i>		<sup>1</sup> Project Inception thru 6/30/01
Bonds	99,253,818	
PDC	4,968,142	
Car Rental Tax	710,725	
MERC	5,062,797	
Interest To Date	<u>1,896,594</u>	
		111,892,076
<b>Actual Expenditures To Date<sup>1</sup></b> <i>(FY 99-00 and 00-01)</i>		
Repay Loan Interest	(6,464)	
Interfund Transfers	(166,395)	
Expenditures To Date	<u>(14,286,044)</u>	
		(14,458,903)
<b>Fund Balance as of 6/30/01</b>		<u>97,433,173</u>
 <i>Adopted FY 01-02 Budget:</i>		
Beginning Fund Balance	97,433,173	
Projected Interest Revenue	2,878,629	
Adopted Expenditures	<u>(67,959,733)</u>	
<b>Projected Fund Balance FY 01-02</b>		<b>32,352,069</b>
 <i>Proposed FY 02-03 Budget:</i>		
Beginning Fund Balance	32,352,069	
Projected Interest Revenue	229,294	
Projected Expenditures	<u>(32,581,363)</u>	
<b>Projected Fund Balance FY 02-03</b>		<b>0</b>

**Full Time Equivalent Staffing**

Regular Full Time FTE – 4.80  
Temporary Full Time FTE (no benefits) – 1.0

**Total FTE: 4.80**