

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 98-42

For the purpose of approving the Capital Improvement Plan for Fiscal Years 1999-00 through 2003-04.

WHEREAS, the Metropolitan-Exposition Recreation Commission (MERC) recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital assets;

WHEREAS, MERC Divisions have inventoried existing major capital assets and assessed future capital needs; and

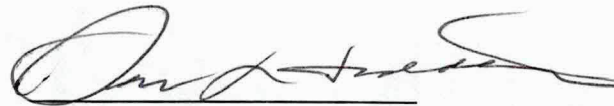
WHEREAS, MERC Divisions have prepared a Capital Improvement Plan for Fiscal Years 1999-00 through 2003-04 that balances projected available resources with major capital spending needs and assesses the impact of capital projects on operating budgets.

BE IT THEREFORE RESOLVED:

1. That the Proposed FY 1999-00 through 2003-04 Capital Improvement Plan is hereby approved, attached as exhibit A to the original only hereof.
2. That the General Manager is directed to include the FY 1999-00 capital projects from the FY 1999-00 through 2003-04 Capital Improvement Plan in his proposed FY 1999-00 budget.

Passed by the Commission on September 16, 1998.


Chair


Secretary/Treasurer

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

By: 
Kathleen A. Pool, Senior Assistant Counsel

MERC Global Operating Fund
CIP Projects Summary
FY 1999/00 through 2003/04

Funding Sources:

Pooled Capital Project Fund

Donations

Operating Fund Balance

Total Funding Sources

| 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | Total |
|------------------|------------------|------------------|----------|------------------|----------|------------------|
| 125,000 | - | 400,000 | - | - | - | 525,000 |
| - | 1,000,000 | - | - | - | - | 1,000,000 |
| 1,162,000 | 933,000 | 1,000,000 | - | 2,728,700 | - | 5,823,700 |
| 1,287,000 | 1,933,000 | 1,400,000 | - | 2,728,700 | - | 7,348,700 |

Funded Projects - Operating Fund:

Civic Stadium:

Interior Truss and Painting

Field Maintenance Equipment

Bleacher improvement

Box Seat Renovation

Subtotal: Stadium

| | | | | | | |
|----------------|----------------|----------|----------|----------|----------|----------------|
| 77,000 | | | | | | 77,000 |
| | 138,000 | | | | | 138,000 |
| 330,000 | | | | | | 330,000 |
| 300,000 | | | | | | 300,000 |
| 707,000 | 138,000 | - | - | - | - | 845,000 |

PCPA:

Funded Projects:

ASCH: Exterior Preservation

Civic: Plumbing Replacement

Civic: Stage Lights Dimmer Replacement

Civic: Window Drapery System

NTB: 4th Floor Rehearsal Hall Completion

Subtotal: PCPA

| | | | | | | |
|----------------|------------------|----------|----------|----------|----------|------------------|
| 50,000 | | | | | | 50,000 |
| 50,000 | | | | | | 50,000 |
| | 250,000 | | | | | 250,000 |
| 90,000 | | | | | | 90,000 |
| 115,000 | 850,000 | | | | | 965,000 |
| 305,000 | 1,100,000 | - | - | - | - | 1,405,000 |

EXPO:

Master Plan

West Parking Lot

Main Parking Lot

Remodel Administrative Office Space

Storage Area Paving Project

Landscaping

Structural Strengthening-Hall C

Structural Strengthening-Halls A&B

Subtotal: EXPO

| | | | | | | |
|----------------|----------------|----------------|----------|------------------|----------|------------------|
| 50,000 | | | | | | 50,000 |
| 70,000 | | | | | | 70,000 |
| | 65,000 | | | | | 65,000 |
| | 85,000 | | | | | 85,000 |
| | | 150,000 | | | | 150,000 |
| | | | | 750,000 | | 750,000 |
| | | | | 742,500 | | 742,500 |
| | | | | 1,236,200 | | 1,236,200 |
| 120,000 | 150,000 | 150,000 | - | 2,728,700 | - | 3,148,700 |

OCC:

Fire Suppression System Pump

Box Office Remodel

Purchase of 65' Boom Lift

Interior/Exterior Signage

Replacement of condenser pipe

Upgrade Replace Exterior Signage

Systems Upgrade and Expansion

Lobby Furniture

Subtotal: OCC

| | | | | | | |
|----------------|----------------|------------------|----------|----------|----------|------------------|
| | 150,000 | | | | | 150,000 |
| | 55,000 | | | | | 55,000 |
| 55,000 | | | | | | 55,000 |
| 100,000 | | | | | | 100,000 |
| | 340,000 | | | | | 340,000 |
| | | 750,000 | | | | 750,000 |
| | | 300,000 | | | | 300,000 |
| | | 200,000 | | | | 200,000 |
| 155,000 | 545,000 | 1,250,000 | - | - | - | 1,950,000 |

Total Funded Projects:

| | | | | | | |
|------------------|------------------|------------------|----------|------------------|----------|------------------|
| 1,287,000 | 1,933,000 | 1,400,000 | - | 2,728,700 | - | 7,348,700 |
|------------------|------------------|------------------|----------|------------------|----------|------------------|

Oregon Convention Center
Project Capital Fund
CIP Projects
1999-00 through 2003-04

Funding Sources:

| | 98-99 | 99-00 | 00-01 | 01-02 | 02-03 | 03-04 | Total |
|---------------------------------------|------------------|-------------------|-------------------|------------------|----------|----------|-------------------|
| Pooled Capital Project Fund | | | 4,000,000 | 2,000,000 | | | 6,000,000 |
| General Obligation/Revenue Bonds | 3,750,000 | 30,150,000 | 48,100,000 | | | | 82,000,000 |
| Interest Earnings | 1,400,000 | 3,000,000 | 600,000 | | | | 5,000,000 |
| Portland Development Commission Grant | 2,000,000 | 3,000,000 | | | | | 5,000,000 |
| Total Funding Sources | 7,150,000 | 36,150,000 | 52,700,000 | 2,000,000 | - | - | 98,000,000 |

Funded Projects -OCC Project Capital Fund:

| | | | | | | | |
|---|------------------|-------------------|-------------------|------------------|----------|----------|-------------------|
| Oregon Convention Center Expansion Project: | 6,150,000 | 36,150,000 | 52,700,000 | 2,000,000 | | | 97,000,000 |
| Bond Issuance Cost | 1,000,000 | | | | | | 1,000,000 |
| Total Funded Projects: | 7,150,000 | 36,150,000 | 52,700,000 | 2,000,000 | - | - | 98,000,000 |

Attachment C

**MERC
List of Unfunded Projects
CIP FY 1999-00 through 2003-04**

Civic Stadium:

| | |
|---------------------------|----------------------|
| Civic Stadium Renovation: | <u>\$ 45,000,000</u> |
| Subtotal: Stadium | <u>\$ 45,000,000</u> |

Expo:

| | |
|--------------------|-------------------|
| Replace Hall D | 16,000,000 |
| Kitchen Renovation | <u>275,000</u> |
| Subtotal: EXPO | <u>16,275,000</u> |

PCPA:

| | |
|-------------------------------------|------------------|
| ASCH: Replace Carpet | 255,000 |
| ASCH: Reupholster Seats | 175,000 |
| ASCH: Safety Railing Balcony | 55,000 |
| ASCH: Sound System Upgrade | 100,000 |
| ASCH: West Entry Remodel | 95,000 |
| Civic: Restroom Expansion | 275,000 |
| Civic: Stage Dimmer Controls | 200,000 |
| NTB: Newmark Stage Rebuild | 100,000 |
| NTB: Replace Carpet | 550,000 |
| NTB: Reupholster Intermediate Seats | 55,000 |
| NTB: Winnie Theater Seats | <u>85,000</u> |
| Subtotal: PCPA | <u>1,945,000</u> |

OCC:

| | |
|-------------------------|----------------------|
| Carpet Replacement | <u>1,150,000</u> |
| Subtotal: OCC | <u>1,150,000</u> |
| Total Unfunded Projects | <u>\$ 64,370,000</u> |

MERC STAFF REPORT

Agenda Item/Issue: Approval of the Capital Improvement Plan for Fiscal Years 1999-00 through 2003-04.

Resolution No: 98-42

Date: September 16, 1998

Prepared by: Mark B. Williams and
Faye Brown

BACKGROUND: During the last few months MERC staff have been participating in the development of Metro's third agency-wide Capital Improvement Plan (CIP). The purpose of the CIP is to:

- identify timing, financing and scale of major capital needs;
- estimate potential impact on operating budgets;
- assess fiscal capacity and set priorities among competing projects; and
- provide longer lead time for major spending decisions

The CIP encompasses a five-year period, beginning with FY 1999-00. The intent is to identify projects for this period for planning purposes and solidify those projects for the first year, in particular, so that they can be incorporated into the FY 1999-00 budget once the plan has been approved. The CIP will be revised annually to revise projected funding sources, refine previously identified projects, incorporate newly determined projects and to add the new 5th year.

The CIP process currently underway has four major phases:

Phase 1: Departmental Submissions. These are the facility capital project requests for the five-year period which have been developed by MERC staff (Attachments A and B). Additionally, staff prepared an inventory of existing capital assets and a status report on current capital projects, as required by Metro. This information was submitted to Metro in late August as staff recommendations only, with the understanding that review and approval by the Commission was scheduled for September.

Phase 2: Executive Office Review and CIP Development. Staff will meet with the Executive Officer on October 22 to review the attached capital project requests.

Phase 3: Council Review and CIP Adoption. The Metro Finance Committee will hold their CIP reviews on November 18 and 19, 1998. It is anticipated that the Council will adopt the CIP at its December 10, 1998 meeting.

Phase 4: CIP Implementation: Once the CIP is adopted, departments prepare implementation plans for approved projects.

The following provides a summary of significant elements of this CIP:

MERC's Pooled Capital Fund

Multnomah County's Ordinance 870 adopted in January 1997, created a new funding mechanism for major capital needs of all MERC facilities. This funding mechanism is provided by the growth in hotel/motel taxes that exceeds the operating allocation to OCC, PCPA, POVA and RACC. The MERC Pooled Capital Fund was included in the 1998-99 budget and maintains the fund balance remaining from the old OCC Renewal and Replacement Fund separate from hotel/motel tax contributions.

The attached CIP Project Summary of proposed projects to be funded is based on staff projections for anticipated revenues to the MERC Operating Fund and the Pooled Capital Fund anticipated to be available during the period included in this CIP. As you may recall, in last year's CIP, based on trends in hotel/motel tax collections, staff projected tax revenues for the next 5 years using a growth rate assumption of 7%. Due to collections received in FY 1998/99 (less than 6% growth over the prior year collections), the enclosed documents use a revised projection rate of 5% growth for the next 5 years. As a consequence, numerous projects that were included as funded in last year's CIP have been moved to the unfunded projects list in this CIP as is reflected in Attachment C. Staff will work with the Commission to develop a policy for future use of the MERC Pooled Capital Fund at the October meeting.

OCC

OCC Expansion continues to be the obvious priority for this CIP. The funding package which will be voted on in November assumes \$82.1 million General Obligation Bonds and assumes a \$97 million dollar project with approximately \$1 million in bond issuance costs. As you know, the funding package for the project includes a \$6 million dollar contribution from the MERC Fund balance toward the project cost. In the enclosed documents, staff has assumed that this contribution will come from the MERC Pooled Capital Fund. Due to the revised tax projections, we have moved the carpet replacement project to the list of unfunded projects. Staff will continue to work on identifying other funding sources for this project so that it can be completed in the next couple of years.

PCPA

The downturn in hotel/motel tax revenue projections have affected this facility the most. Due to lower than anticipated collections in 1997/98 and anticipated downturn in revenue for the Pooled Capital Fund over the next 5 years, several CIP projects have been moved to the list of unfunded projects. These projects will remain a high priority and staff will continue to work toward identifying any potential funding sources to complete the projects. The CIP includes 6 funded projects over the next couple of years including the planned New Theatre Building 4th Floor Rehearsal Hall Completion. To date PCPA has received \$650,000 donations for this project and plans to raise another \$350,000 toward the anticipated project cost.

The following 8 projects have been moved to the list of unfunded projects:

Arlene Schnitzer Concert Hall:

- Carpet Replacement
- Safety Railing
- Sound System Upgrade
- West Entry Remodel

Civic Auditorium:

- Restroom Expansion

New Theatre Building:

- Newmark Stage Rebuild
- Reupholster Newmark Seats
- Reupholster seats in the Winningstad Theatre

Even with the decision to postpone these projects, PCPA's long-range forecast indicates a lower than desirable fund balance over the next 5 years unless additional steps are taken. Management will proceed to identify viable options for increasing Operating Revenues and reducing Operating Cost beginning in the current fiscal year, in order to preserve the reserve fund balance. In addition, staff will examine sources to cover important unfunded capital projects to include grants, gifts, naming opportunities, etc.

Civic Stadium

Now that the Civic Stadium Advisory Committee has completed its work, steps remain to identify funding sources to renovate Civic Stadium. The renovation project is estimated to be in the \$45 million range and will remain on the unfunded list for this CIP submittal. MERC continues to work with Metro and the City of Portland to identify the best course of action for Civic Stadium to preserve it as an asset for our community. In the interim, Management will continue to do those projects necessary to keep the current tenants in the building. There are 4 such projects slated in the current CIP, Interior Truss and Painting, Box Seat Renovation, Bleacher Improvement and Field Maintenance Equipment.

Expo Center

Expo Center will complete its Master Plan this fall to enable management to determine the most effective way to invest in the facility over the next few years.

FISCAL IMPACT: The projected fiscal impact of the proposed CIP is included in Attachments A and B the CIP Project Summary of proposed projects to be funded.

RECOMMENDATION: The staff recommend approval of the attached proposed CIP.