

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 99-49

Revises policies regarding MERC User Fees on tickets for seated events in assembly facilities.

The Metropolitan Exposition-Recreation Commission finds:

1. The Commission has adopted user fee policies and rates as a major source of operating revenue for venues under its management; and
2. The existing rates should be increased to keep pace with market conditions and practices in the Region which have changed significantly in recent years; and
3. User Fees for non-profit Principal Tenants of the Portland Center for the Performing Arts should continue to be reduced to reflect the ongoing financial support provided by the City of Portland; and
4. It would be beneficial to the MERC facilities operating revenue resources now and in the future to make changes in the rates that will have impact beginning in January 2000; and
5. Revisions in the policies and rates would streamline the process for both presenters and PCPA management in calculation of user fees.

BE IT THEREFORE RESOLVED THAT:


Effective January 1, 2000, and except as otherwise provided by existing contracts, Commission User Fee rates shall be as follows:

- a) A flat \$.50 per ticket user fee for public performances presented by PCPA non-profit Principal Tenants;
- b) A rate of 4% per ticket on tickets priced at \$5.00 or below for student, youth, or other special community outreach performances by PCPA non-profit Principal Tenants; and
- c) For all other users, 6% of base ticket price, with a \$.50 minimum.

Passed by the Commission on December 15, 1999.




Chairman



Secretary/Treasurer

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

By: 
Kathleen A. Pool
Senior Assistant Counsel

MERC STAFF REPORT

Agenda Item/Issue: Revises MERC User Fee policies and rates.

Resolution No: 99-49

Date: December 15, 1999

Presented by: Harriet Sherburne

BACKGROUND: The PCPA Business Plan 1998-2001 provides that management should make every effort to continue to refine PCPA operational structure, procedures and services to enhance revenue and cost effectiveness. The Plan also mandates attention to revenue growth in order to support increasing cost of facility operation and maintenance. In adopting the PCPA Budget for Fiscal Year 1999-2000, the Commission directed staff to explore means of increasing earned revenue for the facility. Staff identified options for preliminary review by PCPA Advisory Committee in July 1999; the group recommended additional research and options for changes in MERC User Fee rates. A draft Discussion Paper was reviewed by the Advisory Committee at their regular meeting November 10, concluding with endorsement of the staff recommendation to adopt a revised MERC User Fee rate of 6 percent of base ticket price. The Committee recommended that the User Fee Discussion Paper be introduced to the Commission on November 15, and distributed to PCPA facility users. On November 10, the Discussion Paper was sent to 27 major users of PCPA facilities, with a cover memorandum requesting comments and questions to the PCPA Director and public comment at the December meeting of the Commission. The paper was also mailed to a list of major presenters using Civic Stadium for sports and entertainment events. To date, no major comments or questions have been received.

The User Fee rate of 6 percent of base ticket price is the same as the ticket charge at the new Rose Garden facility, and is below the 10 percent rate required by the City of Portland in current negotiations for the renovation of Civic Stadium. The revised MERC User Fee will NOT affect PCPA Principal Tenants (41% of revenue), touring shows under the Broadway Series Agreement (19% of revenue), or low cost and children's performances (10% of revenue). The revised MERC User Fee will NOT affect Portland Rockies Baseball events. The revised fee will affect future events booked at MERC facilities with tickets priced above \$25.

FISCAL IMPACT: The revised MERC User Fee rate will affect approximately 30% of the revenue in that category at PCPA, with a potential increase of \$45-50,000 in earnings in an "average" activity year. Civic Stadium will also increase earnings from sports and concert events booked after the effective date. By changing from a fixed rate to a percentage of base ticket price, the opportunity for increased earned revenue will grow with continuing upward movement in base ticket prices on a broad array of arts and entertainment events.

RECOMMENDATION: PCPA Advisory Committee and MERC staff recommend Commission approval of the Resolution.