

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 02-36

For the Purpose of approving and transmitting the MERC Operating Fund, the MERC Pooled Capital Fund, Convention Center Capital Project Fund for Fiscal Year 2003-2004.

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, Multnomah County Ordinance No. 870, adopted January 2, 1997, allowed an allocation of transient lodging taxes to be used for the replacement, renewal, expansion and other capital needs of the facilities managed jointly under MERC; and

WHEREAS, Multnomah County Ordinance No. 941, adopted February 17, 2000, increased transient lodging and motor vehicle rental taxes to be used for visitor facilities: including repaying the Convention Center Completion Bonds; repaying Portland Center for the Performing Arts Bonds; operation of the Oregon Convention Center, and to the Portland Center for the Performing Arts; facilities managed jointly under MERC;

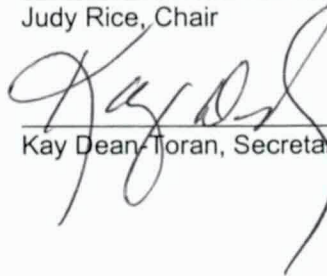
BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission approves and transmits to the Metro Executive and Council the following budget attached as Exhibit A for the Fiscal Year beginning July 1, 2003 and ending June 30, 2004 for inclusion as part of the total Metro budget for this period:

- MERC Operating Fund
- MERC Pooled Capital Fund
- Convention Center Capital Project Fund

Passed by the Commission on November 20, 2002.



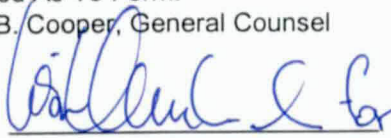
Judy Rice, Chair



Kay Dean-Toran, Secretary-Treasurer

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

By:



Kathleen Pool
Senior Assistant Counsel



arts. sports. conventions. shows.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

November 20, 2002

Mike Burton, Executive Officer
Metro
600 N.E. Grand Avenue
Portland, Oregon 97232

and

Carl Hosticka, Presiding Officer
Metro
600 N.E. Grand Avenue
Portland, Oregon 97232

Re: Proposed FY 2003-04 Budget

Dear Executive Officer Burton and Presiding Officer Hosticka:

In conformance with Metro Code Section 6.01.050, enclosed please find the MERC Commission's proposed FY 2003-04 budgets for all MERC facilities and funds

This budget reflects the priorities set forth in the MERC strategic plan, which was adopted pursuant to the requirements contained in Chapter 6 of the Metro Code. It provides for operating the MERC facilities in a prudent business manner. Our shared goal is to continue providing good stewardship of the important regional assets managed by Metro through MERC, and to implement the Council's vision of maintaining and enhancing the Metro region's place as a world class venue for conventions, exhibitions, and the arts. We are especially pleased that, through the leadership of Metro's elected officials and our public and private partners, nearly all of our operating activities will be paid for by visitors to our region and users of our facilities. No significant draw on the MERC Global Operating Fund Balance will be made this year, despite our assumption of no growth in our subsidy (lodging tax) revenues.

As required by the Code, MERC approved this proposed budget for submission to the Council by a duly adopted resolution at a regular public meeting of the Commission. In addition, and as required by the Code, all of the MERC budget committee meetings took place in public sessions with the appropriate notices and with an opportunity for comment by members of the public. In addition, we have appreciated the attendance of Council and Executive staff at our meetings, which we believe will facilitate understanding of our budget and business issues.

The following items have had major impact on the formulation of the budgets:

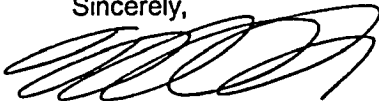
1. Developed and implemented a business plan for Expo's catering operation, including reorganized staffing in order to increase sales efforts and better food quality. Following the recruitment of a chef and salesperson, we anticipate increased catering sales of nearly 7% over the adopted FY 03 budget. This will continue our efforts to leverage the recent Expo investments, including the new kitchen.



2. An element of the Strategic Plan called for a review and subsequent recommendation to begin applying percentage rental or a user fee at Expo. Confirming a user group's recommendation, the Commission then resolved to begin collecting a user fee in FY 04 and to apply such funds towards the Phase III construction project. In accordance with the Commission's directive, these funds, estimated to be \$250,000, have been budgeted as a resource and then accrued to an appropriated fund balance for dedicated Phase III use.
3. The proposed budget reflects the first full year of operation for the newly expanded Oregon Convention Center. The Oregon Convention Center expansion is scheduled to open April of 2003. This first few months will consist of learning how to integrate the two facilities into one new operating system, leveraging efficiencies of an expanded and updated facility. FY 04 will see both revenues and expenditures changes as a result of this project. OCC operating revenues are expected to increase 23%, while operating expenditures are expected to increase 7%. The OCC FY 04 budget is still a transition or "ramp up" year, as we continue to aggressively market the buildings and all its facilities nationwide.
4. PCPA user fee revenue is projected to be almost 13% over FY'03. This increase is anticipated due to a \$.50 increase in the user fees of the resident companies that will be implemented as part of the strategic plan goal to attain and maintain financial stability. In addition, revenue from ticket commissions will exceed '03 budget by more than 90%. This is due to the '03 budget reflecting essentially no box office services. In mid FY'02, it was determined that a downsized, restructured box office might be able to operate at break even or better. This was tested during the holiday season, deemed to be successful, so the re-organized box office opened in Feb. '02. In addition, PCPA took over operation of POVA's Ticket Central when POVA lost its funding to support this box office. Evaluating Ticket Services to determine the course of ticketing services for the future was part of the PCPA strategic plan goal to provide the best performing arts experience and customer service for patrons, resident companies and other facility users. Its current profitability also helps meet the goal to attain and maintain financial stability.

Please feel free to contact Bryant Enge, Director of Administration/CFO, or me if you have any questions or concerns.

Sincerely,



Mark B. Williams
MERC General Manager

cc: MERC Commissioners
MERC Management Team

Date: November 14, 2002

To: MERC Commission

From: Mark Williams, MERC General Manager

Re: FY 2003-2004 Proposed Budget Memo of Transmittal

The MERC staff submits for your review the proposed budget for fiscal year 2003-2004. The proposed budget reflects anticipated adjustments in both resources and expenditures based on the business level estimates we can project at this early date. The budget also reflects the goals and strategies of the strategic plan to the extent that resources in FY'04 are projected to be available.

The FY 2003-04 budget represents 0.5% increase over FY 2002-03. MERC is requesting \$1.1 million for MERC Administration, \$5.7 million for Expo, \$19.5 million for OCC, and \$7.1 million for PCPA, while incurring a negative net cash flow of \$53,000. MERC's total budget for FY 2003-04, excluding ending fund balance and contingency, is approximately \$33.5 million, an increase of about \$150,000 from the FY 2002-03 adopted budget. This budget-to-budget increase reflects under budgeting for PCPA's Fringe Benefit costs in FY 2002-03.

This budget includes funding the first full year of operating the newly expanded OCC facility. As a result, OCC operating revenues are expected to increase 23%, while operating expenditures are expected to increase 7%. The Expo Center will begin collecting a ticketed event user fee (6% of ticket sales/\$.50 minimum per ticket). This is expected to generate \$250,000. PCPA's user fees will increase almost 13% over FY 2002-03. This increase is anticipated due to a \$.50 increase in the user fees of the resident companies that will be implemented as part of the strategic plan goal to attain and maintain financial stability. Ticket commissions will exceed '03 budget by more than 90% due to the FY 2002-03 budget reflecting essentially no box office services. Lodging tax receipts are expected to be flat due to the downturns in the hospitality industry suffered as a result of 9/11 and the weak economy.

MERC Administration

MERC Administration's total budget for FY 2003-04, excluding ending fund balance and contingency, is approximately \$1.1 million, a decrease of \$88,000 from the FY 2002-03 adopted budget. This decrease represents MERC Administration's effort to continue to seek cost reduction measures. As such, MERC Administration's proposed budget reflects a reduction in Materials & Services of approximately \$143,000.

Oregon Convention Center

OCC's total budget for FY 2003-04, excluding ending fund balance and contingency, is approximately \$19.5 million, a decrease of \$152,000 from the FY 2002-03 adopted budget. The proposed budget reflects the first full year of operation for the newly expanded facility. Due to the expanded facility as well as the expansion of current events utilizing the facility, the budget anticipated improvements in resources with concomitant increases in Materials & Services.

Major revenue streams include facility rental, concessions/catering sales, utilities, and parking fees. OCC rental fees are expected to increase over \$375,000 due to expanded facility. Concessions and Catering revenue is expected to \$540,000, which reflects the use of a second ballroom, more available dates and increased attendance. Due to increase attendance, Parking revenue is expected to \$425,000. Beginning FY 2003-04, OCC will launch a new program that is expected to create over \$250,000 in new revenue. This new revenue initiative, booth cleaning service, in combination with increases in businesses utilizing the expanded convention center, OCC expects Utilities revenue to increase \$860,000.

Personal Services changes consist of a decrease of approximately 12 FTEs for FY 2003-04. Although FTEs will decrease, Personal Services expenditures will increase approximately \$740,000. This increase reflects the costs of staffing the expanded convention center for a full year. Since the expanded convention center did not open until April 2003, staffing in FY 2002-03 was less than half a year. Materials and Services will increase \$430,000 due to the expansion. Interfund Transfers are \$315,000 higher than FY 2002-03 budget. This reflects increases in Metro's administrative support costs and property insurance. Metro's administrative support costs is based on total budget for Personal Services. Since the budget for OCCs' Personal Services increase from FY 2002-03, there is an associated increase in OCC's support cost allocation. In addition, the costs of property insurance for OCC increase because it nearly doubled in size.

Portland Center for the Performing Arts

PCPA total budget for FY 2003-04, excluding ending fund balance and contingency, is approximately \$7.1 million, an increase of \$400,000 from the FY 2002-03 adopted budget. This budget-to-budget increase reflects understating PCPA's FY 2002-03 Fringe Benefit costs.

The proposed budget reflects anticipated improvements in resources. Major resources of revenues for PCPA include Rental, Food Service, User Fees, Ticket Commissions and Hotel/Motel Tax. Business levels are anticipated to be below those of FY'03 due to the lack of a blockbuster Broadway Musical and the lack of strong touring Broadway productions. Resident company attendance is expected to be flat and that commercial business will be comparable to that in FY'01. Major revenue changes include increase in User fees of almost 13% over FY 03. This increase is anticipated due to a \$.50 increase in the user fees of the resident companies that will be implemented as part of the strategic plan goal to attain and maintain financial stability. Ticket commissions will exceed '03 budget by more than 90%. This is due to the '03 budget reflecting essentially no box office services. Operating limited box offices services was proven to be profitable. Lodging tax receipts are expected to come in at FY'02 levels due to the downturns in the hospitality industry suffered as a result of 9/11 and the economy. The proposed budget figure of \$1,207,546 is almost 8% below that which was budgeted in FY'03. Lodging and Car Rental taxes associated with the VDI initiative is expected to grow by CPI.

Requirements consist of Personal Services, Materials and Services and Interfund Transfers (MERC and Metro allocations). Requirements reflect an increase of approximately 7% over FY03 Budgeted. Personals Services budget reflects an increase of almost 13% over '03. This is due to understating fringe benefits in FY 03.

Portland Metropolitan Exposition Center

Expo's total budget for FY 2003-04, excluding ending fund balance and contingency, is approximately \$5.7 million, a decrease of \$25,000 from the FY 2002-03 adopted budget. The proposed budget reflects anticipated improvements in resources and a reduction in Materials & Services.

Historically, Expo major revenue streams typically included facility rental, concessions/catering sales and parking fees. Beginning in FY 04, however, the Expo Center will also begin collecting a ticketed event user fee (6% of ticket sales/\$.50 minimum per ticket). The major anticipated changes in revenue include ticketed event user fee, expected to generate \$250,000, increased concessions/catering sales of \$170,000 over the adopted FY 03 budget following the recruitment of a chef and salesperson in FY 03, and increase parking revenue by approximately 9% or \$132,000 due to new parking fees.

Expo requirements consist of Personal Services, Materials & Services and Interfund Transfers. Changes from the FY 03 adopted budget primarily reflect changes in compensation, a decrease in Materials & Services and the scheduled debt service for Hall D. Scheduled increases for represented wage categories and budgeting for the pay for performance program has increased

personal services by approximately \$62,000 or 5% over the FY 03 adopted budget. Materials & Services are scheduled for an overall decrease of approximately 4% or nearly \$138,000 less than adopted for FY 03. Interfund Transfers to the the Revenue Bond Fund increased from \$1,078,865 to \$1,128,742 in accordance with the OCEDD debt service schedule

Metropolitan Exposition Recreation Commission

Fiscal Year 2003-04 Budget

Add Packages

PCPA Assistant Booking and Sales Position	\$77,000 including fringe
Expo Engineer Position	\$66,000 including fringe
OCC Utility Technician Position	\$42,000 including fringe
MERC Materials and Supplies	\$50,000

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Division Overview**Fiscal Year 2003-04**

Mission Statement

To be the acknowledged leader in public assembly facility management in the region.

Division Profile

The Metro Exposition-Recreation Commission (MERC) manages the regional convention, trade, and performing arts facilities in a cost effective, independent, entrepreneurial and accountable manner. MERC manages the Oregon Convention Center (OCC), the Portland Center for the Performing Arts (PCPA) and the Portland Metropolitan Exposition Center (Expo). MERC's mission is to enhance the livability and economic vitality of the metropolitan region through sound stewardship, expert management and creative development of the region's public assembly facilities.

MERC developed strategic goals to help ensure the organization manages its public assets for the highest and best uses and delivers the highest quality services to those who pass through its doors, advancing MERC's mission.

- Maximize economic impact for the metropolitan region and the state of Oregon.
- Provide and operate venues to foster a diverse range of performing arts, convention, and trade and exhibition events.
- Achieve financial stability through responsible policies and prudent practices.
- Advocate for enhancing public support of regional trade facilities, the arts and tourism.
- Efficiently operate and maintain facilities in premiere condition.
- Be a productive part of Metro.
- Recruit and employ a quality-motivated workforce that provides superior facility management and customer service and reflects the diversity of the metropolitan region.

MERC will pursue its mission and goals through its four business units: MERC Administration; OCC, PCPA, and Expo. Each of these units contributes in a significant way to MERC's overall mission through goals tailored for each business unit's unique place in the economy and life of the metropolitan region.

About the Commission

MERC consists of seven members appointed to four-year terms. Commissioners are nominated by Clackamas, Multnomah and Washington counties (one each) and the City of Portland (two) and appointed by Metro's Executive Officer. The Executive Officer directly nominates and appoints two commissioners. All appointments are subject to confirmation by the Metro Council. The commission, through its staff, manages and promotes the region's public convention, exhibition and entertainment facilities. These facilities attract international, national and regional events that contribute to the economic and cultural richness of our region. MERC has a solid reputation for expertise in public assembly facility management, quality customer service and responsible administrative service. In managing these facilities, MERC is in a unique position because the ownership of the facilities varies. OCC and Expo are owned by Metro. PCPA is owned by the City of Portland but managed by MERC under agreement with the City. Ultimately, of course, the public owns all the facilities and MERC strives to operate all of the facilities in a prudent and business-like manner that serves the public interest.

MERC is primarily funded through its entrepreneurial operations and industry tax subsidies—OCC and PCPA receive an allocation of the 3% hotel/motel tax levied in Multnomah County. In addition, to support the convention center expansion, OCC will receive an allocation of Multnomah County's 2.5% hotel/motel and vehicle rental tax for a limited period. Also, over the bond life that funded the Visitor Development Initiative, PCPA will receive an allocation of this 2.5%. MERC receives no public property tax support for operations. Approximately 75 percent of MERC funding comes from enterprise revenues from fees and services provided by MERC through facility rental, event services, parking, and food and catering business. The remaining 25 percent comes from lodging industry tax subsidy, government contribution, and investment earnings.

Division Overview**Fiscal Year 2003-04**

About the Organization

As an organization, MERC is structured in terms of its four independent but interdependent organizational units. This divisional design provides greater service as a result of developed expertise related to common customer needs and a greater degree of coordination achieved through common goals. Interdependency is achieved through MERC Administration, which provides leadership, policy direction, and centralized fiscal and administrative services. MERC's four units budget their operations in the MERC Operating Fund. Capital and non-recurring repair and maintenance are budgeted in related capital funds, the MERC Pooled Capital Fund (formerly the MERC Renewal and Replacement Fund), and the Convention Center Project Capital Fund

MERC Administration

MERC Administration provides leadership, policy direction, and centralized fiscal and administrative services. Core services areas provided by the administration unit include: strategic planning; financial management and reporting; capital development; purchasing; information management; human resources; and public relations. These centralized fiscal and administrative services provide support to the specialized business in which MERC's public assembly facilities operate. This unit also implements commission policies that set both tone and direction for the organization. MERC Administration also assumes primary responsibility for coordinating and communicating with Metro as MERC's oversight agency, as well as other public and private partners.

Oregon Convention Center

The Oregon Convention Center opened in September 1990 as a 500,000 square-foot facility consisting of exhibit space, a large ballroom, meeting rooms, generous lobby and pre-function spaces, and full-service kitchen facilities capable of serving 10,000 meals. The center provides in-house event services, routine maintenance, event set-up and teardown, and housekeeping functions. Parking and food and beverage management services are provided by outside contractors.

OCC's primary purpose is to maximize economic benefits for the metropolitan region and the state by attracting out-of-town visitors. As a significant economic vehicle, the convention center has generated more than \$1.25 billion in economic flow to the region in the past three years. OCC is considered a national convention center and hosts many domestic and international conventions and shows each year. The facility, with its flexible space, is also home to local meetings, food functions and consumer shows. Policies and management philosophy are designed to ensure that attracting out-of-town convention business remains the primary objective of the convention center, balanced by local citizen access to the facility.

In February 2001, a much-needed expansion began that increases the size of the building by approximately 60 percent. The \$115 million expansion project will add more than 407,000 total square feet, and include 105,000 square feet of new exhibit space, a new grand ballroom, 22 new meeting rooms, an 800-space covered parking garage, 11 additional loading bays, retail spaces, and improvements to the kitchen and food areas. The grand opening of the expanded center is set for April 2003.

OCC funding has been dramatically altered by the Visitor Development Initiative, which enabled the expansion to go forward. The visitor initiative is a complex public/private funding mechanism, providing financing for the OCC expansion project and a host of other visitor improvement projects to be created and funded with no property taxes. The initiative relies upon a 2.5% increase in the Multnomah County lodging and car rental taxes. The initiative will provide \$8.74 million in enhanced operational support for fiscal years 2001 through 2006. This was intended to recognize the increased requirements of the expanded facility, including downtime during construction, ramping up to full occupancy and the necessary operational support for a much larger facility. Additional funding for the expansion came from cash contributions of \$5 million from the OCC fund balance and \$5 million from the city of Portland.

Division Overview**Fiscal Year 2003-04**

Convention centers are traditionally operated as "loss leaders" for community economic development and tax generation, and OCC is no exception. Operating subsidies, usually from lodging tax, are provided to cover the full cost of bringing in economic-generating conventions and trade shows to a region.

OCC is continuing work on its \$115 million expansion. Marketing the expanded facility is critical.

Portland Center for the Performing Arts

PCPA, a city of Portland facility, is the centerpiece for arts and entertainment in the region. The center's mission – to provide superior, responsibly managed performance spaces that foster an environment in which diverse performing arts, events and audiences may flourish – has at its premise that audiences throughout the region shall have access to world-class performing arts and diverse entertainment. The center also plays a large role in supporting and contributing to the local arts economy.

PCPA is composed of three buildings with four theatres: Arlene Schnitzer Concert Hall (a historic 1928 vaudeville/movie house restored in 1984); Keller Auditorium (formerly the Civic Auditorium, built in 1917 and modernized in 1968); and the Newmark and Winningstad theatres (housed in the soon to be renamed New Theatre Building, built and opened in 1987). In 2000, Brunish Hall, a previously unfinished space in the New Theater Building, was completed and opened.

Audiences are drawn from the entire Pacific Northwest, with approximate 50% from the city of Portland. The center's facilities are used predominantly by a diverse group of arts and entertainment organizations that consist of commercial promoters, nonprofit arts presenters and producers and resident companies. About 60 percent of the events are presented by local arts organizations including the Portland Opera, Oregon Symphony Orchestra, Oregon Ballet Theatre, Portland Center Stage, Oregon Children's Theatre Company, Portland Youth Philharmonic, and many others. Resident companies, with cooperation and support of PCPA, make special efforts for outreach to children and youth as well as to disadvantaged or underserved populations through low cost/no performances and educational summer camp at low cost or no cost.

Like many performing arts centers, PCPA relies on a combination of earned revenues, private donations, and public subsidies to survive. Earned revenues come from customers, including nonprofit arts groups and commercial presentations. PCPA's earned income, accounting for nearly 73 percent of total resources, is predicated upon discretionary spending by patrons. Therefore, its funding is highly dependent on the number and type of event and attendance. Private donations for capital improvements have come from generous community benefactors. Public support flows from lodging and car rental taxes and the city of Portland's general fund. The recent Visitors Development Initiative is the first community effort aimed at addressing both immediate capital needs and long-term operational funding.

Portland Metropolitan Exposition Center

Formerly owned and operated by Multnomah County, the EXPO Center was transferred to Metro in 1994 to be managed by MERC, with full ownership transferred to Metro in 1996. Expo is evolving into a fully modern exhibition complex. It has undergone significant capital improvements in the past five years, adding two new exhibition facilities.

Expo is a multi-purpose facility that has served for more than 30 years as the region's primary destination for consumer shows and public events. The 60-acre campus includes a complex of three connected buildings comprising nearly 330,000 square feet of exhibit space, 11 meeting rooms, a full-service kitchen and parking for 2,500 vehicles. MERC manages the facility to maximize coordination with the Oregon Convention Center to the benefit of both facilities. The primary goal of the Expo Center is to provide facilities for activities that appeal to the general public in hosting consumer, trade and special interest events including: agricultural shows; antique and collectible shows; antique/custom auto, recreational vehicle and motorcycle shows; boat shows; dances; home and garden shows; recreational equipment shows and similar events.

Division Overview**Fiscal Year 2003-04****Budget Summary**

		<u>FY 2003-04</u>
Resources		
Beginning Fund Balance (estimated)		\$10,210,854
Hotel/Motel Taxes		
Original rate	\$6,086,365	
Expansion Bond Operating Revenue	1,531,000	
VDI related rate	371,315	7,988,680
Government Contribution (City of Portland)		324,635
Charge for Services		
User Fees	1,181,500	
Rentals	5,086,915	
Food Services	9,661,345	
Retail Sales	20,000	
Merchandising	80,000	
Utility Services	2,538,387	
Commissions	522,500	
Parking Fees	3,015,349	
Reimbursement Labor	2,417,438	
Miscellaneous Charges for Services	305,700	24,829,134
Other		
Interest	204,217	
Miscellaneous Revenue	100,000	304,217
Total Resources		\$43,657,520

Requirements		
Personal Services		
Salaries and Wages	\$10,468,742	
Fringe Benefits	3,791,663	14,260,405
Materials and Services		
Goods	888,049	
Services	14,372,257	
Intergovernmental Expenditures	69,000	
Other Expenditures	269,140	15,598,446
Debt Service		22,809
Interfund Transfers		
Transfer for Indirect Costs	2,236,107	
Transfer of Resources	1,382,322	3,618,429
Contingency		1,195,266
Unappropriated Fund Balance		
Reserved	8,712,165	
Unreserved	250,000	8,962,165
Total Requirements		43,657,520

Full-Time Equivalent Staffing

Salaries - Regular Full-Time	58.70
Wages - Regular Full-Time	110.35

Total FTE	169.05
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Resource Detail & Analysis**Fiscal Year 2003-04****BEGINNING FUND BALANCE**

Beginning Fund Balance		\$10,210,854
	MERC Admin	\$50,402
	Expo Center	2,613,458
	Oregon Convention Center	5,100,000
	Portland Center For the Performing Arts	2,446,994

LOCAL GOVERNMENT SHARE REVENUES

4130	Hotel/Motel Tax	\$7,988,680
	Original tax	\$6,086,365
	Expansion Bond Operating Revenue	1,000,000
	VDI related tax	902,315

CONTRIBUTIONS FROM GOVERNMENT

4145	Government Contributions	\$324,635
	City of Portland contribution to offset userfee subsidy	\$324,635

CHARGE FOR SERVICES

4500	Admission Fees		\$1,181,500
	120	User Fees	\$1,181,500
4510	Rentals		\$5,086,915
	141	Buildings/Rooms	\$4,985,915
	143	Equipment	66,000
	673	Operating Lease Payments/Bldg	35,000
4550	Food Service Revenue		\$9,661,345
		Food Service Revenue	\$1,077,000
	150	Food	3,397,569
	160	Catered Food Service Revenue	5,186,776
4560	Retail Sales		\$20,000
	171	Gifts & Souvenirs	\$20,000
4570	Merchandising		\$80,000
4580	Utility Services		\$2,538,387
		Utility Services	\$10,000
	200	Electrical	1,172,800
	201	Telephone	273,580
	202	Air/Water/Gas	48,832
	204	Audio Visual	691,800
		Booth Cleaning	291,375
	209	Miscellaneous	50,000
4590	Commissions		\$522,500
		Commissions	\$409,000
	3032	ATM Charges	113,500

Resource Detail & Analysis**Fiscal Year 2003-04**

4620	Parking Fees	\$3,015,349
4645	Reimbursed Services	\$2,417,438
	Reimbursed Services	\$1,714,641
321	Ticket Services (Box Office)	119,233
322	Admissions	230,744
323	Special Services (Security/Medical)	151,646
324	Event Services	121,650
325	Operations	41,165
326	Audio Visual	38,359
4650	Misc Charges for Services	\$305,700
	Misc Charges for Services	\$105,700
361	Advertising Fees	175,000
3612	Kiosk	15,000
3613	Media	10,000
INTEREST EARNINGS		
4700	Interest on Investment	\$204,217
4890	Miscellaneous Revenue	\$100,000
Total Resources		\$43,657,520

Resource Detail & Analysis**Fiscal Year 2003-04**

Beginning Fund Balance:	decreased \$3.4 million upon budgeted FY 03 cash flow plus contingency
User Fees:	increased \$360,000 based upon user fee implementation at Expo and increase user fee for PCPA resident companies
Rentals:	increased \$420,000 based upon OCC expansion generating an increase in facility rentals
Food Service:	increased \$710,000 based upon improved catering sales due to primarily to OCC expansion
Utility Services:	increased \$900,000 due to OCC expansion and new revenue initiative, Booth Cleaning Services
Commissions:	increased \$10,000 based upon increased transaction fees
Parking Fees:	increased \$559,000 based upon increased parking fees at Expo and increased OCC attendance
Reimbursed Services:	increased \$349,000 due to an accounting change and previously unbudgeted reimbursed services at PCPA

Expenditure Detail & Analysis**Fiscal Year 2003-04****Personal Services**

5010	Salaries - Regular Full-time	58.70	\$3,342,534
	Accountant	2.00	\$78,660
	Accounting Supervisor	1.00	50,027
	Admissions Staffing Manager	1.00	46,275
	Asst Event Svcs Mgr or Senior House Mgr	1.00	55,030
	Asst Facility Director	1.00	70,990
	Asst. Operations Mgr.	1.50	79,184
	Audio/Visual Technician	1.00	45,479
	Audio/Visual Lead	1.00	42,617
	Booking and Sales Manager	1.00	60,533
	Booking Coordinator	2.00	92,313
	Building Maintenance Supervisor	0.50	22,470
	Computer Systems Administrator	1.00	55,030
	Director of Administration	1.00	95,498
	Director of Operations	1.00	76,907
	Event Manager II	4.00	193,391
	Event Services Director	1.00	63,792
	Event Coordinator II	2.00	95,127
	Event Services Manager	1.00	60,533
	Exhibit/Facility Services Representative	1.00	39,278
	Expo Manager	1.00	83,041
	General Manager	1.00	123,573
	Graphic Designer	1.00	45,469
	Human Resources Manager	1.00	83,041
	IT Supervisor	1.00	68,289
	Marketing & Communications Manager	1.00	60,533
	Multi-Media/Marketing Manager	1.00	45,469
	OCC Director	1.00	122,262
	Operations Accounting Coordinator	0.70	25,466
	Operations Mgr Housekeeping/Setup	1.00	60,533
	Operations Mgr Technical Services	1.00	66,586
	Operations Manager I	1.00	66,586
	Operations Manager II	0.25	16,853
	PCPA Director	0.75	71,624
	Sales & Marketing Manager	2.00	133,770
	Sales Representative	2.00	100,235
	Sales Representative II	1.00	55,037
	Security Manager	1.00	55,031
	Senior Event Manager	1.00	55,280
	Set-up Supervisor	4.00	200,108
	Senior Set-up Supervisor	3.00	159,000
	Stage Supervisor	1.00	37,718
	Telecom & Information Systems Supv	1.00	48,954
	Ticketing & Parking Services Mgr	2.00	110,690
	Ticket Services Coordinator	1.00	38,640
	Ticket Services Supervisor	1.00	46,972
	Volunteer Coordinator	1.00	38,640
5015	Wages - Regular Full-Time	110.35	\$3,825,460
	Accounting Technician	6.00	\$182,809
	Administrative Assistant	8.00	294,869
	Administrative Secretary	1.00	27,518
	Audio/Visual Technician	3.00	111,800
	Door & Locksmith	1.00	38,147
	Electrician	5.00	263,408
	Facility Security Agent	1.00	33,717
	Lead Facility Security Agent	8.00	240,280
	Lead Electrician	1.50	88,983
	Lead Engineer	1.00	51,910

Expenditure Detail & Analysis**Fiscal Year 2003-04**

	Multi-Media Assistant	1.00	28,205	
	Clerk II	1.00	31,138	
	Operating Engineer	6.00	293,045	
	Operations Coordinator	3.00	128,400	
	Secretary	3.00	83,118	
	Stagedoor Security	1.00	32,100	
	Telephone System Coordinator	1.00	30,534	
	Utility Lead	2.00	60,084	
	Utility Maintenance	3.00	91,694	
	Utility Maintenance Lead	1.00	39,292	
	Utility Maintenance Specialist	5.00	189,384	
	Utility Technician	5.85	183,685	
	Utility Worker I	20.00	544,770	
	Utility Worker II	19.00	574,356	
	Utility-Grounds-Lead	1.00	36,485	
	Utility-Grounds	2.00	66,329	
	Shift Differential Pay		79,400	
5025	Wages - Regular Employees Part-Time Non-Exempt			\$35,099
5030	Wages - Temporary Employees			\$10,000
5043	Wages - Part-Time Non-Reimbursed Labor			\$740,750
5045	Wages - Part-Time Reimbursed Labor			\$2,023,895
5080	Overtime			\$149,152
5089	Merit Based Compensation			\$341,853
5100	Fringe Benefits			\$3,791,663
	Fringe Benefits		\$3,691,824	
527	Unemployment Expense		99,839	
Total Personal Services		169.05		\$14,260,406

Expenditure Detail & Analysis**Fiscal Year 2003-04****Materials and Services****GOODS**

5201	Office Supplies		\$224,404
		Office Supplies	\$72,862
	600	Computer Software	20,585
	601	Computer Supplies	43,685
	602	Postage	59,887
	603	Meeting Expense	27,385
5205	Operating Supplies		\$296,338
	610	Landscape	\$3,400
	611	Custodial	101,220
	612	Veterinary/Medical Supplies	8,105
	613	Graphics/Reprographic	9,200
	617	Packing Material	1,075
	618	Small Tools	21,533
	619	Promotion Supplies	8,750
	620	Other	141,055
	621	Disposable Protective Gear	2,000
5210	Subscriptions & Dues		\$32,507
		Subscription and dues	\$1,925
	625	Subscriptions & Publications	9,973
	626	Dues	20,609
5214	Fuels & Lubricants		\$11,700
5215	Maintenance & Repairs Supplies		\$297,100
	631	Building	\$97,000
	632	HVAC	19,500
	633	Electrical	12,500
	634	Grounds	4,800
	635	Vehicles	5,500
	636	Equipment	78,800
	637	Show Services	76,000
	638	Maintenance & Repairs Supplies-Other	3,000
5225	Retail		\$26,000
SERVICES			
5240	Contracted Professional Services		\$3,106,341
		Contracted Professional Services	\$115,800
	652	Promotion/Public Relations	2,923,041
	654	Management/Consulting Services	67,500
5251	Utility Services		\$2,273,136
		Utility Services	\$4,305
	660	Electricity	1,274,564
	661	Water/Sewer	272,000
	662	Natural Gas	355,000
	664	Sanitation	159,250
	665	Telecommunications	208,017
5255	Cleaning Services		\$1,950

Expenditure Detail & Analysis**Fiscal Year 2003-04**

5260		Maintenance & Repair Services	\$412,186
	631	Building	\$177,225
	632	HVAC	39,500
	634	Grounds	17,000
	635	Vehicles	5,000
	636	Equipment	156,411
	637	Show Services	5,750
	638	Other	11,300
5265		Rentals	\$373,725
		Rentals	\$550
	144	Audio Visual	108,000
	670	Equipment	35,920
	671	Land and Building Rental	212,650
	672	Operating Leases	13,000
	674	Operating Leases - Vehicles	3,605
5280		Other Purchased Services	\$631,399
		Other Purchased Services	\$7,450
	680	Advertising	161,025
	681	Printing	141,040
	682	Typesetting/Reprographics	18,850
	683	Delivery Services	13,200
	685	Temporary Help	209,335
	686	Uniform Cleaning	50,274
	795	Credit Card Fees	30,225
5290		Operations Contracts	\$7,573,520
		Operations Contracts	\$4,273,994
	694	Concessions - Catering Contract	840,084
	6941	Concessions - Catering Labor	708,068
	6942	Concessions - Catering Management Fee	133,748
	6943	Concessions - Catering Product	472,091
	6944	Concessions - Catering Supplies	84,334
	6945	Concessions - Catering F&B Subcontractor	395,853
	6949	Concessions - Catering Overhead	45,548
	695	Parking Operations Contract	619,800

Intergovernmental Expenditures

5300		Payments to Other Agencies	\$69,000
		Pymts to Other Agencies	\$57,890
	700	Licenses & Permits	11,110

Other Expenditures

5450		Travel	\$101,060
		Travel	\$99,655
	760	Mileage Reimbursement	1,405
5455		Staff Development	\$87,465
		Staff Development	\$73,965
	770	Tuition Reimbursement	1,500
	794	Career Development	12,000
5490		Misc Expenditures	\$56,365
		Miscellaneous Expenditures	\$29,365
	740	Promotion	27,000

Expenditure Detail & Analysis**Fiscal Year 2003-04**

5520	Bad Debt Expense		\$24,250
Total Materials & Services			\$15,598,446
Debt Service			
5610	Loan Payments		\$22,809
	5610	Loan Payments - Principal	\$10,280
	5615	Loan Payments - Interest	12,529
TOTAL REQUIREMENTS			\$29,881,661

Interfund Transfers**Internal Service Transfers**

5800	Transfer for Indirect Costs		\$2,236,107
		* to Support Services Fund	\$1,697,528
		* to General Fund	112,620
		* to Risk Management Fund - Liability	316,015
		* to Risk Management Fund - Workers Comp	109,944
5810	Transfer of Resources		\$1,382,322
		* to MERC Pooled Capital	\$253,580
		* to Revenue Bond Fund	1,128,742
Total Interfund Transfers			\$3,618,429

Contingency and Ending Balance**Contingency**

5999	Contingency		\$1,195,266
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Unappropriated Fund Balance

5990	Unappropriated Fund Balance		\$8,962,164
		Unappropriated Fund Balance-Reserve	\$250,000
		Unappropriated Fund Balance	8,712,164
Total Contingency and Ending Balance			\$10,157,430
TOTAL REQUIREMENTS			\$43,657,520

Expenditure Detail & Analysis***Fiscal Year 2003-04*****Personal Services**

Salaries and Wages: increased \$610,000 due to staffing expanded convention center for full year versus partial year.

Fringe Benefits: increased \$922,000 due to staffing expanded convention center for full year and unbudgeted fringe benefits costs at PCPA

Materials & Services

Utilities: increased \$228,000 due to operating expanded convention center for full year versus partial year

Other Purchased Services: decreased \$326,000 reflects one-time funding for promoting grand opening of OCC expansion in FY 03

Operating Contracts: increased \$399,000 due to expanded convention center

Debt Service

Capital Lease Payments: decreased \$224,000 reflects OCC decision to repay Steel Bridge LID assessments in installments rather than one-time

Travel: increased \$3,250 to accommodate marketing and ticketing departments

Staff Development: increased \$2,700 to accommodate increased participation in conferences for marketing, events and ticketing departments

Promotion Expense: decreased \$750 in anticipation of limiting expenditures

Bad Debt Expense: added \$1,000 in accordance with accounting directive

Interfund Transfers

Transfer for Indirect Costs increased \$407,000 reflects increases in Metro administrative support costs and insurance premiums, including property insurance premium related to OCC expansion

Transfer for Resources decreased \$1.5 million reflects OCC expansion funding in FY 03

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change		
	Actual	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Operating										
<u>Resources</u>										
<i>Beginning Fund Balance</i>										
* Prior year adjustment	0	27,184		0		0		0	0%	-
* MERC Admin	(658,645)	(1,544,511)		(4,800)		130,875		50,402	-61%	(80,473)
* Civic Stadium	1,600,501	1,445,138		1,392,141		0		0	0%	-
* Expo Center	1,537,814	2,575,718		2,257,307		2,973,760		2,613,458	-12%	(360,302)
* Oregon Convention Center	6,404,367	5,877,305		4,997,772		8,327,383		5,100,000	-39%	(3,227,383)
* Portland Center for the Performing Arts	2,701,837	3,094,065		2,188,892		2,164,804		2,446,994	13%	282,190
<i>Grants</i>										
Local Grants - Indirect	0	0		24,210		0		0	0%	-
<i>Local Gov't Share Revenues</i>										
Hotel/Motel Tax	5,314,000	5,546,588		5,886,060		6,190,009		6,086,365	-2%	(103,644)
VDI outlined in IGA	0	0		5,990,000		1,466,000		1,531,000	4%	65,000
<i>Contributions from Governments</i>										
Government Contributions	600,000	600,000		930,967		675,680		695,950	3%	20,270
<i>Charges for Service</i>										
Insurance Recover	0	0		0		7,401		0	0%	-
Admission Fees	937,229	998,658		649,970		821,500		1,181,500	44%	360,000
Rentals	4,226,828	4,292,109		3,921,407		4,025,131		5,086,915	9%	423,015
Food Service Revenue	7,739,674	9,500,325		7,933,410		6,689,069		8,950,465	8%	710,880
Retail Sales	62,520	59,281		63,493		66,225		20,000	-67%	(41,000)
Merchandising	96,683	86,172		71,895		92,349		80,000	-20%	(20,000)
Utility Services	1,388,525	1,631,123		1,542,787		1,633,620		2,538,387	55%	904,767
Commissions	290,891	387,010		417,990		508,478		522,500	69%	213,500
Administrative Fees	58,055	74,249		33,120		1,200		0	0%	-
Parking Fees	1,734,057	2,072,937		1,816,534		1,785,124		3,015,349	23%	559,093
Reimbursed Services	1,901,440	2,121,066		1,953,726		2,020,658		2,417,438	17%	349,821
Miscellaneous Charges for Svc	293,368	327,718		110,807		105,588		305,700	-4%	(14,300)
<i>Interest Earnings</i>										
Interest on Investments	682,088	652,381		607,945		340,947		165,426	23%	38,791
<i>Contributions from Private Sources</i>										
Donations and Bequests	605,000	445,359		0		0		0	0%	-
<i>Miscellaneous Revenue</i>										
Financing Transaction	0	0		(27,136)		(39,619)		0	0%	-
Sale of Fixed Assets	0	0		11,500		15,000		0	0%	-
Miscellaneous Revenue	(30,583)	(23,074)		95,948		35,545		77,000	30%	23,000

MERC Operating Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE	FY 2001-02 Actual FTE	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Merc Operating								
<i>Resources</i>								
<i>Fund Equity Transfers</i>								
<i>Transfer of Resources</i>								
* from MERC Pooled Capital Fund	0	0	0	0	0	0	0%	-
* from General Fund	125,000	0	150,000	75,000	50,000	0	-100%	(50,000)
* from Convention Center Project Capital Fund	0	0	0	0	60,000	0	-100%	(60,000)
<i>Intra-Fund Clearing Transfer</i>								
<i>Intra-Fund Clearing Transfer</i>								
* to MERC Administration	0	0	0	20	0	0	0%	-
<i>Internal Service Transfers</i>								
<i>Transfer for Direct Costs</i>								
* from Convention Center Project Capital Fund	0	0	20,177	133,693	0	0	0%	-
TOTAL RESOURCES	\$37,610,649	\$40,246,801	\$43,036,122	\$40,822,028	\$43,664,295	\$43,657,520	0%	(6,775)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Operating												
<u>Requirements</u>												
<u>Personal Services</u>												
<u>Salaries & Wages</u>												
Reg Employees-Full Time-Exempt	2,858,437	3,109,207	61.00	3,028,216	52.90	2,837,832	57.06	2,894,048	58.70	3,342,534	15%	448,486
Reg Empl-Full Time-Non-Exempt	2,669,141	2,783,542	89.90	2,860,836	90.80	2,923,812	121.90	3,712,810	110.35	3,825,460	3%	112,650
Regular Employees Part Time Exempt	0	0		992		0		0		0	0%	-
Regular Employees Part Time Non-Exempt	313,533	70,731		36,350		52,526		0		35,099	0%	35,099
Temporary Employees	38,530	55,973		61,553		50,215		4,438		10,000	125%	5,562
Part-Time, Non-Reimbursed Labor	326,597	604,818		571,079		635,460		752,402		740,750	-2%	(11,652)
Part-Time, Reimbursed Labor	1,652,034	1,856,977		1,764,066		1,815,099		2,028,256		2,023,895	0%	(4,361)
Overtime	234,393	152,074		139,918		108,560		146,712		149,152	2%	2,440
Merit/Bonus Pay	0	0		0		0		319,342		341,853	7%	22,511
<u>Fringe Benefits</u>												
Fringe Benefits	2,488,524	2,664,375		2,724,616		2,757,920		2,869,317		3,791,662	32%	922,345
Unemployment	0	0		0		0		0		0	0%	-
TOTAL PERSONAL SERVICES	\$10,581,189	\$11,297,697	150.90	\$11,187,626	143.70	\$11,181,424	178.96	\$12,727,325	169.05	\$14,260,404	12%	\$1,533,079

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change			
	Actual	Actual	FTE	Actual	FTE	Budget	FTE	Request			
								02/03 vs 03/04	02/03 vs 03/04		
Merc Operating											
<u>Requirements</u>											
<i>Materials and Services</i>											
<i>Goods</i>											
Office Supplies	149,583	133,494		161,213		176,633		252,203	224,404	-11%	(27,799)
Operating Supplies	371,654	366,868		314,763		428,714		333,568	296,338	-11%	(37,230)
Subscriptions and Dues	21,495	20,821		21,711		25,102		32,628	32,507	0%	(121)
Fuels and Lubricants	6,655	6,932		6,417		10,011		10,800	11,700	8%	900
Maintenance & Repairs Supplies	275,466	293,295		254,140		229,216		323,150	297,100	-8%	(26,050)
Purchasing Card Expenditures	0	676		9,442		10,074		750	0	-100%	(750)
Food	0	6,799		41,570		26		0	0	0%	-
Retail	23,214	24,822		30,135		29,562		31,000	26,000	-16%	(5,000)
<i>Services</i>											
Contracted Professional Svcs	3,324,989	2,542,972		2,893,318		2,614,088		2,827,576	2,735,026	-3%	(92,550)
VDI Money to POVA	0	0		0		350,000		360,500	371,315	3%	10,815
Marketing Expense	0	0		5,789		1,125		0	0	0%	-
Contracted Property Services	0	0		13,040		1,807		0	0	0%	-
Utility Services	1,543,862	1,531,277		1,447,965		1,699,652		2,044,752	2,273,136	11%	228,384
Cleaning Services	8,959	2,126		402		1,086		500	1,950	290%	1,450
Maintenance & Repair Services	385,385	421,187		394,619		383,384		461,494	412,186	-11%	(49,308)
Rentals	271,663	295,258		331,511		314,499		349,785	373,725	7%	23,940
Insurance	291,581	299,920		0		0		0	0	0%	-
Other Purchased Services	599,982	553,196		423,390		389,684		958,294	631,399	-34%	(326,895)
Operations Contracts	5,801,601	7,232,993		6,564,718		6,088,985		7,174,508	7,573,520	6%	399,012
<i>Intergov't Expenditures</i>											
Payments to Other Agencies	63,647	82,655		460,739		44,009		70,800	69,000	-3%	(1,800)
Assessments	0	0		0		88,512		0	0	0%	-
Taxes (Non-Payroll)	3,750	1,578		1,698		0		0	0	0%	-
Election Expenses	137,849	(6,000)		0		0		0	0	0%	-
<i>Internal Charges for Services</i>											
Charges for Services	0	797,881		498		0		500	0	-100%	(500)
<i>Other Expenditures</i>											
Travel	43,460	57,664		61,180		64,471		100,780	101,060	0%	280
Staff Development	53,654	62,833		68,054		65,880		103,760	87,465	-16%	(16,295)
Miscellaneous Expenditures	70,865	91,589		178,625		62,970		78,540	56,365	-28%	(22,175)
<i>GAAP Account</i>											
Bad Debt Expense	2,421	(4,271)		10,171		43,918		1,000	24,250	2325%	23,250
TOTAL MATERIALS AND SERVICES	\$13,451,735	\$14,816,565		\$13,695,108		\$13,123,408		\$15,516,888	\$15,598,446	1%	\$81,558

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02		FY 2002-03	FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Operating											
<u>Requirements</u>											
<u>Debt Service</u>											
<i>Capital Lease Payments</i>											
Capital Lease Payments-Principal	177,699	188,020		195,526		9,985		216,788	0	-100%	(216,788)
Capital Lease Payments-Interest	23,254	14,469		4,875		0		7,455	0	-100%	(7,455)
<i>Loan Payments</i>											
Loan Payments-Principal	0	0		0		0		83,512	10,280	-88%	(73,232)
Loan Payments-Interest	0	0		0		0		2,939	12,529	326%	9,590
<i>Revenue Bond Payments</i>											
Revenue Bond Payments-Principal	400,512	1,517,903		0		0		0	0	0%	-
Revenue Bond Payments-Interest	121,612	108,924		0		0		0	0	0%	-
TOTAL DEBT SERVICE	\$723,077	\$1,829,316		\$200,401		\$9,985		\$310,694	\$22,809	-93%	(\$287,885)
<u>Capital Outlay</u>											
<i>Capital Outlay (Non-CIP Projects)</i>											
Improve-Oth thn Bldg (non-CIP)	0	11,530		0		0		0	0	0%	-
Buildings & Related (non-CIP)	329,420	332,411		0		0		0	0	0%	-
Exhibits and Related (non-CIP)	10,068	0		18,444		0		0	0	0%	-
Equipment & Vehicles (non-CIP)	230,217	56,235		108,705		0		0	0	0%	-
Office Furn & Equip (non-CIP)	29,725	100,506		9,430		0		0	0	0%	-
<i>Capital Outlay (CIP Projects)</i>											
Improve-Oth thn Bldg (CIP)	207,133	43,496		152,646		0		0	0	0%	-
Buildings & Related (CIP)	380,960	800,038		171,678		0		0	0	0%	-
Exhibits and Related (CIP)	0	0		0		0		0	0	0%	-
Equipment & Vehicles (CIP)	219,410	127,695		71,512		0		0	0	0%	-
TOTAL CAPITAL OUTLAY	\$1,406,933	\$1,471,911		\$532,415		\$0		\$0	\$0	0%	\$0
TOTAL OPERATING REQUIREMENTS	\$26,162,934	\$29,415,489		\$25,615,550		\$24,314,816		\$28,554,907	\$29,881,659	5%	\$1,326,752

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change				
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Operating												
<u>Requirements</u>												
<i>Interfund Transfers</i>						\$9,984						
<i>Internal Service Transfers</i>												
Transfer for Indirect Costs												
* to Support Services Fund	0	0		1,314,191		1,499,848		1,437,106		1,697,529	18%	260,423
* to General Fund	0	0		0		0		107,074		112,620	5%	5,546
* to Risk Management Fund - Liability	0	0		110,400		136,822		210,676		316,015	50%	105,339
* to Risk Management Fund - Workers Comp.	0	0		59,547		66,937		73,295		109,944	50%	36,649
Total Metro Support Services*	0	0		1,484,138		1,703,607		1,828,151		2,236,108	22%	407,957
Transfer for Direct Costs	0	0		0		0		0		0	0%	-
<i>Fund Equity Transfers</i>												
Transfer of Resources												
* to MERC Pooled Capital	0	0		0		370,891		1,886,278		253,580	-87%	(1,632,698)
* to Convention Center Project Capital Fund	0	0		712,798		623,274		0		0	0%	-
* to Risk Management Fund	0	0		110,000		0		0		0	0%	-
* to Revenue Bond Fund	0	0		101,231		1,000,688		1,078,865		1,128,742	5%	49,877
TOTAL INTERFUND TRANSFERS	\$0	\$0		\$2,408,167		\$3,698,460		\$4,793,294		\$3,618,430	-25%	(\$1,174,864)
<i>Contingency</i>												
Contingency	0	0		0		0		1,223,769		1,195,266	-2%	(28,503)
<i>Unappropriated Fund Balance</i>												
Unappropriated Fund Balance-Reserved	0	0		0		0		0		250,000		
Unappropriated Fund Balance	11,447,715	10,831,312		15,012,405		12,808,752		9,092,325		8,712,165	-4%	(380,160)
TOTAL CONTINGENCY/ENDING BALANCE	\$11,447,715	\$10,831,312		\$15,012,405		\$12,808,752		\$10,316,094		\$10,157,431	-2%	(\$158,663)
TOTAL REQUIREMENTS	\$37,610,649	\$40,246,801		\$43,036,122		\$40,822,028		\$43,664,295		\$43,657,521	0%	(\$6,774)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Operating												
<i>Change in Fund Balance</i>												
TOTAL NET CASH FLOW	(\$138,159)	(\$643,587)		\$4,181,093		(\$2,203,654)		(\$3,280,728)		(\$53,423)	-98%	\$3,227,305
<i>Excise Tax Generation</i>												
Revenue (Charges for Service)	-	-		-		12,183,230		16,365,658		19,422,493	19%	3,056,835
Gross Revenue (Charges for Service)	-	-		-		13,096,972		17,593,082		20,879,180	19%	3,286,098
TOTAL EXCISE TAX GENERATION ESTIMA	\$941,698	\$1,091,704		\$1,044,943		\$913,742		\$1,227,424		\$1,456,687	19%	\$229,263

Date: November 14, 2002
To: Mark B. Williams, MERC General Manager
From: Bryant Enge, MERC's Director of Administration and CFO
Re: FY 2003-04 Proposed Budget Memo of Transmittal

MERC Administration staff are pleased to submit for your review the proposed budget for Fiscal Year 2003-04.

Based upon MERC Administration's objective to facilitate the organization's goal to achieve financial stability and application of certain strategies contained in the MERC's Strategic Plan, the proposed budget reflects anticipated reductions in Materials & Services while continuing to advance MERC Administration's strategic goals and objectives. Elements contributing to the proposed Resources and Requirements for FY 04 are summarized below.

Resources

MERC Administration's major resource is a transfer of resources from the MERC facilities for services provided which is allocated based upon an approved cost allocation plan.

- **Intra-fund Transfer**

An element of the Strategic Plan called for developing an adequate fund balance for capital improvements and operations and emergencies. It is imperative to establish a sufficient fund balance to deal with economic downturns, pursue revenue-generating opportunities, and improve operational efficiencies. In order to facilitate this development, MERC Administration reduced its Intra-fund Transfer by nearly \$20,000 from the FY 03 budget, resulting in an overall direct savings to the facilities. Although the cost and demands of providing administrative services are increasing, MERC Administration expects that this will not have a material impact on its ability to provide quality administrative services.

Requirements

Requirements consist of Personal Services and Materials & Services. As summarized below, changes from the FY 03 adopted budget primarily reflect changes in compensation and a decrease in Materials & Services.

- **Personal Services**

Changing the Administrative Technician position from part-time to a fulltime position resulted in an overall net increase of .50 FTE from FY 03. The 6% increase in Personal Services, approximately \$50,000, reflects the .50 FTE increase, budgeting for the pay for performance program, and implementing the second half of the compensation plan.

- **Materials & Services**

In consideration of the desire to develop and maintain an adequate fund balance, Materials & Services are scheduled for an overall decrease of approximately 43% or nearly \$140,000 less than adopted for FY 03. It should be noted, however, that the applied expense reduction measures are not expected to have a negative effect on MERC Administration's ability to provide quality administrative services.

Division Mission Statement

To provide unifying leadership and integrated business services that support the success of MERC and respond to the citizens of the metropolitan region.

Division Profile

MERC is a seven-member citizen commission appointed by Metro, city of Portland and Washington, Clackamas and Multnomah counties. MERC manages and promotes the region's public convention, exhibition, and entertainment facilities. These facilities attract international, national, and regional events that contribute to the economic and cultural richness of our region. MERC has a solid reputation for expertise in public assembly facility management, quality customer service, and responsible administrative service. The strategic plan seeks to build on our strengths as professional facility managers and outstanding stewards of these important regional assets.

MERC is a significant contributor to the region's cultural and economic vitality. Its mission requires that stakeholders, residents and industry partners are kept informed about its activities and the benefits these facilities bring to the region. A major emphasis of the administration unit is to enhance understanding and appreciation of MERC's mission and value to the community.

MERC's administration unit provides leadership, policy direction, program oversight, and centralized fiscal and administrative services. The administration unit also implements commission policies that set both tone and direction for the organization. The Administration group seeks progress in integrating five primary business management components: strategic planning, financial planning, information management, human resources, and public relations.

The administration unit also assumes primary responsibility for coordinating and communicating with Metro as MERC's oversight agency, as well as its other public and private partners.

Major Accomplishments

Effectively and efficiently assist facility staff in advancing MERC's missions and goals.

- Revise strategic plan to reflect FY 02 results align with future budget constraints

Promote effective and efficient management of MERC resources.

- Develop and implement critical financial management policies, procedures, and processes, including cash handling, event settlement, and food and beverage processes.
- Identify a budgeting tool to eliminate reconciling spreadsheets and disparate information and automate the development of MERC's annual budget.

Improve operating and financial activities with effective information management systems and services.

- Enhance the Concentrics facility and event management software system to improve workflow management and reporting, including streamlining and automating functions.
- Establish and support help desk function.
- Develop site security policy to prevent unauthorized access to MERC's IT system and respond to security incidents access and management policy.

Provide high quality and responsive human resource services.

- Develop and distribute a user friendly handbook to new employees.
- Design operations employee reorganization for expansion and ran existing and new employees.
- Open and complete IUOE Local 701 and IATSE Local 28 contracts.

- Complete facility evaluations for all facilities and compare items with Capital Assets inventory list for analysis of progress on Building and Equipment maintenance items. Complete Capital Assets Inventory comparison to a level of 100% for all MERC facilities by June 30, 2002.
- Complete facility evaluations and issue tabulations by 11/30/01 and/or 5/30/02, depending on established frequency of evaluation for each facility.

Major Objectives

Effectively and efficiently assist facility staff in advancing MERC's missions and goals.

- Revise strategic plan to reflect FY 02 results align with future budget constraints.
- Develop crisis management handbook and coordinate crisis management training.

Promote effective and efficient management of MERC resources.

- Implement and support automated budgeting system.

Improve operating and financial activities with effective information management systems and services.

- Enhance the Concentrics facility and event management software system to improve workflow management and reporting, including streamlining and automating functions.
- Develop a comprehensive information system disaster recovery plan.

Provide high-quality and responsive human resource services.

- Create staff development program that includes coaching, recognition, skills assessment, shadowing, cross training and internships.
- Open and complete AFSCME 3580-1 contract.

Promote greater awareness about MERC's value and contribution to the region.

- Create and implement a strategic communication plan.
- Redesign MERC web site to make it an interesting, relevant and effective public relations and communication tool.

Budget Summary

Resources

Beginning Fund Balance (estimated)		\$50,402
Charge for Services		
Commissions		4,000
Other		
Interest	1,008	
MERC Support Services	1,097,480	1,098,488

Total Resources		\$1,152,890
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Requirements

Personal Services		
Salaries and Wages	665,745	
Fringe Benefits	251,315	917,060
Materials and Services		
Goods	56,000	
Services	99,500	
Other Expenditures	33,000	188,500
Contingency		44,222
Unappropriated Fund Balance		3,108

Total Requirements		\$1,152,890
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Full-Time Equivalent Staffing

Salaries - Regular Full-Time	8.00
Wages - Regular Full-Time	2.00

Total FTE	10.00
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Resource Detail and Analysis

Fiscal Year 2003-04**BEGINNING FUND BALANCE**

Beginning Fund Balance	\$50,402
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CHARGE FOR SERVICES

4590	Commissions	\$4,000
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INTEREST EARNINGS

4700	Interest on Investment	\$1,008
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INTRA-FUND CLEARING TRANSFER

4990	Intra - Fund Clearing Transfer	\$1,097,480
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Oregon Convention Center	\$570,690
Portland Center for the Performing Arts	373,143
Portland Metropolitan Exposition Center	153,647

Total Resources	\$1,152,890
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Beginning Fund Balance: decreased \$80,000 based upon budgeted FY 03 cash flow plus contingency

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

5010	Salaries - Regular Full-time	8.00		\$546,362
	Accountant	2.00	\$78,660	
	Accounting Supervisor	1.00	50,027	
	Computer Systems Administrator	1.00	55,030	
	Director of Administration	1.00	95,498	
	General Manager	1.00	123,573	
	Human Resources Manager	1.00	83,041	
	Marketing & Communications Manager	1.00	60,533	
5015	Wages - Regular Full-Time	2.00		\$65,082
	Administrative Technician	1.00	\$27,830	
	Administrative Assistant	1.00	37,252	
5030	Temporary Employees			\$10,000
5080	Overtime			\$1,500
5089	Merit/Bonus Pay			\$42,801
5100	Fringe Benefits			\$251,315
	Fringe Benefits		\$233,340	
527	Unemployment Expense		17,975	
Total Personal Services				\$917,060

Materials and Services

GOODS

5201	Office Supplies			\$35,000
	Office Supplies		\$12,250	
600	Computer Software		1,500	
601	Computer Supplies		10,000	
602	Postage		1,250	
603	Meeting Expense		10,000	
5205	Operating Supplies			\$12,500
613	Graphics/Reprographic		\$3,500	
617	Packing Material		1,000	
618	Small Tools		6,000	
620	Other		2,000	
5210	Subscriptions & Dues			\$6,000
625	Subscriptions & Publications		\$3,000	
626	Dues		3,000	

Expenditure Detail and Analysis

Fiscal Year 2003-04

5214		Fuels & Lubricants	\$500
5215		Maintenance & Repairs Supplies	\$2,000
	636	Equipment	\$2,000

SERVICES

5240		Contracted Professional Services	\$40,000
	652	Promotion/Public Relations	\$30,000
	654	Management/Consulting Services	10,000
5251		Utility Services	\$2,500
	665	Telecommunications	\$2,500
5260		Maintenance & Repair Services	\$12,000
	636	Equipment	\$12,000
5265		Rentals	\$5,000
	670	Equipment	\$5,000
5280		Other Purchased Services	\$40,000
	681	Printing	\$7,000
	682	Typesetting/Reprographics	10,000
	683	Delivery Services	8,000
	685	Temporary Help	15,000

Other Expenditures

5450		Travel	\$8,000
5455		Staff Development	\$20,000
		Staff Development	\$8,000
	794	Career Development	12,000
5490		Miscellaneous Expenditures	\$5,000
Total Materials & Services			\$188,500

Expenditure Detail and Analysis

Fiscal Year 2003-04

Contingency and Ending Balance

Contingency

5999	Contingency	\$44,222
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Unappropriated Fund Balance

5990	Unappropriated Ending Fund Balance	\$3,108
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Total Contingency and Ending Balance		\$47,330
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TOTAL REQUIREMENTS		\$1,152,890
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Expenditure Detail and Analysis

Fiscal Year 2003-04

FTE Changes from FY 2002-03

		FY 2002-03	FY 2003-04	Change
5010	Salaries - Regular Full-time	3.00	3.00	0.00
	Accountant	3.00	2.00	(1.00)
	Accounting Supervisor	-	1.00	1.00
5015	Wages - Regular Full-Time	0.50	1.00	0.50
	Administrative Technician	0.50	1.00	0.50

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

Fringe Benefits: increased \$54,000 due to higher proportion of salary and wages versus part-time and unemployment claims

Materials & Services

Contracted Prof. Services: decreased \$65,000 based upon projected need for outside consultants for special projects
Other Purchased Services: decreased \$42,000 reflects discontinuance of accounting for expansion security services costs as a pass thru in FY 03

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change				
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Administration												
<i>Resources</i>												
<i>Beginning Fund Balance</i>												
* Prior year adjustment	0	1,358		0		0		0		0	0%	-
* MERC Admin	(658,645)	(1,544,511)		(4,800)		56,075		130,875		50,402	-61%	(80,473)
<i>Charges for Service</i>												
Utility Services	0	100		0		0		0		0	0%	-
Commissions	4,806	4,678		304		4,608		0		4,000	100%	4,000
Miscellaneous Charges for Svc	6,870	1,017		448		0		0		0	0%	-
<i>Interest Earnings</i>												
Interest on Investments	0	(1,514)		557		1,867		0		1,008	100%	1,008
<i>Miscellaneous Revenue</i>												
Miscellaneous Revenue	94	82		944		233		0		0	0%	-
<i>Intra-Fund Clearing Transfer</i>												
Intra-Fund Clearing Transfer												
* to MERC Administration	0	2,524,885		1,050,867		1,040,100		1,113,851		1,097,480	-1%	(16,371)
<i>Internal Service Transfers</i>												
Transfer for Direct Costs												
* from Convention Center Project Capital Fund	0	0		20,177		45,727		0		0	0%	-
TOTAL RESOURCES	(\$646,875)	\$986,095		\$1,068,497		\$1,148,610		\$1,244,726		\$1,152,890	-7%	(91,836)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Administration												
<u>Requirements</u>												
<u>Personal Services</u>												
<u>Salaries & Wages</u>												
Reg Employees-Full Time-Exempt	438,545	547,073	9.00	498,545	9.00	512,254	9.00	553,468	8.00	546,362	-1%	(7,106)
Reg Empl-Full Time-Non-Exempt	33,000	10,481	1.00	28,042	1.00	35,244	1.50	45,533	2.00	65,082	43%	19,549
Regular Employees Part Time Exempt	0	0		0		0		0		0	0%	-
Regular Employees Part Time Non-Exempt	0	0		0		5,720		0		0	0%	-
Temporary Employees	11,390	19,265		3,073		8,993		4,438		10,000	125%	5,562
Part-Time, Non-Reimbursed Labor	83	4,431		0		0		25,000		0	-100%	(25,000)
Part-Time, Reimbursed Labor	0	0		14,617		54,302		0		0	0%	-
Overtime	276	4,384		5,940		757		1,346		1,500	11%	154
Merit/Bonus Pay	0	0		0		0		36,803		42,801	16%	5,998
<u>Fringe Benefits</u>												
Fringe Benefits	147,871	172,201		175,697		187,921		196,502		251,315	28%	54,813
TOTAL PERSONAL SERVICES	\$631,165	\$757,835	10.00	\$725,914	10.00	\$805,191	10.50	\$863,090	10.00	\$917,060	6%	\$53,970

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03	FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Administration												
<u>Requirements</u>												
<u>Materials and Services</u>												
<i>Goods</i>												
Office Supplies	44,651	37,388		28,955		37,158		40,000		35,000	-13%	(5,000)
Operating Supplies	7,895	18,672		15,511		2,033		17,000		12,500	-26%	(4,500)
Subscriptions and Dues	1,904	1,807		5,932		4,742		6,750		6,000	-11%	(750)
Fuels and Lubricants	0	0		478		0		500		500	0%	-
Maintenance & Repairs Supplies	376	0		0		314		2,000		2,000	0%	-
Purchasing Card Expenditures	0	379		573		5,585		750		0	-100%	(750)
Food	0	0		0		26		0		0	0%	-
Retail	0	0		0		0		0		0	0%	-
<i>Services</i>												
Contracted Professional Svcs	101,479	43,174		93,327		46,747		105,000		40,000	-62%	(65,000)
Marketing Expense	0	0		0		525		0		0	0%	-
Contracted Property Services	0	0		0		0		0		0	0%	-
Utility Services	1,122	2,884		2,443		2,417		2,500		2,500	0%	-
Cleaning Services	0	173		0		0		0		0	0%	-
Maintenance & Repair Services	9,019	11,930		13,431		11,019		15,000		12,000	-20%	(3,000)
Rentals	8,803	9,657		8,191		9,276		5,000		5,000	0%	-
Insurance	0	0		0		0		0		0	0%	-
Other Purchased Services	44,497	69,938		55,188		49,457		82,000		40,000	-51%	(42,000)
Operations Contracts	0	0		0		76		0		0	0%	-
<i>Intergov't Expenditures</i>												
Payments to Other Agencies	0	173		1,165		801		250		0	-100%	(250)
Assessments	0	0		0		5,000		0		0	0%	-
Taxes (Non-Payroll)	0	0		0		0		0		0	0%	-
Election Expenses	0	0		0		0		0		0	0%	-
<i>Internal Charges for Services</i>												
Charges for Services	0	798		498		0		500		0	0%	(500)
<i>Other Expenditures</i>												
Travel	8,131	7,077		9,205		5,982		13,000		8,000	-38%	(5,000)
Staff Development	10,293	9,838		16,123		18,930		26,000		20,000	-23%	(6,000)
Miscellaneous Expenditures	14,055	19,174		18,617		5,942		15,000		5,000	-67%	(10,000)
<i>GAAP Account</i>												
Bad Debt Expense	0	0		0		0		0		0	0%	-
TOTAL MATERIALS AND SERVICES	\$252,225	\$233,062		\$269,637		\$206,030		\$331,250		\$188,500	-43%	(\$142,750)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03	FY 2003-04	% Change	\$ Change		
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Merc Administration												
<u>Requirements</u>												
<i>Capital Outlay</i>												
Equipment & Vehicles (non-CIP)	0	0		7,439		0		0		0	0%	-
Office Furn & Equip (non-CIP)	14,246	0		9,430		0		0		0	0%	-
TOTAL CAPITAL OUTLAY	\$14,246	\$0		\$16,869		\$0		\$0		\$0	0%	\$0
TOTAL OPERATING REQUIREMENTS	\$897,636	\$990,897		\$1,012,420		\$1,011,221		\$1,194,340		\$1,105,560	-7%	(\$88,780)
<i>Contingency</i>												
Contingency	0	0		0		0		48,589		44,222	-9%	(4,367)
<i>Unappropriated Fund Balance</i>												
Unappropriated Fund Balance-Reserved	0	0		0		0		0		0	0%	-
Unappropriated Fund Balance	(1,544,511)	(4,802)		56,077		137,389		1,797		3,108	73%	1,311
TOTAL CONTINGENCY/ENDING BALANCE	(\$1,544,511)	(\$4,802)		\$56,077		\$137,389		\$50,386		\$47,330	-6%	(\$3,056)
TOTAL REQUIREMENTS	(\$646,875)	\$986,095		\$1,068,497		\$1,148,610		\$1,244,726		\$1,152,890	-7%	(\$91,836)

Change in Fund Balance

TOTAL NET CASH FLOW	(\$885,866)	\$1,539,709		\$60,877		\$81,314		(\$80,489)		(\$3,072)	-96%	\$77,417
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Date: November 15, 2002
To: Mark B. Williams, MERC General Manager
From: Chris Bailey, Expo Center Director
Re: FY 2003-04 Proposed Budget Memo of Transmittal

Staff of the Expo Center are pleased to submit for your review the proposed budget for Fiscal Year 2003-04.

Based upon the first full year operation of Exhibit Hall D, the application of certain strategies contained in the Expo Center's Strategic Plan and necessary cost reduction measures, the proposed budget reflects anticipated improvements in resources and a reduction in Materials & Services. Elements contributing to the proposed Resources and Requirements for FY 04 are summarized below.

Resources

Historically, major revenue streams typically included facility rental, concessions/catering sales and parking fees. Beginning in FY 04, however, the Expo Center will also begin collecting a ticketed event user fee (6% of ticket sales/\$.50 minimum per ticket). All of these major revenues are initially driven by the number of licensed events, the facilities licensed and the number of event days. The subsequent attendee response to the event then drives user fees, parking fees and concession/catering revenues.

- **User Fee**

An element of the Strategic Plan called for a review and subsequent recommendation to begin applying percentage rental or a user fee. Confirming a subcommittee's recommendation, the Commission then resolved to begin collecting a user fee in FY 04 and to apply such funds towards the Phase III construction project. In accordance with the Commission's directive, these funds, estimated to be \$250,000, have been budgeted as a resource and then accrued to an appropriated fund balance for Phase III use.

- **Facility Rental**

In accordance with the Strategic Plan, the Commission also authorized a review and subsequent recommendation to increase facility rental rates beginning in FY 04. Because of the concurrent application of a user fee, however, the approved rental rate increase only affects non-ticketed events and, subsequently, the overall impact to the proposed budget is minimal. Based upon the number of licensed events in FY 02, however, it is anticipated that with the Expo's recently improved marketing program, the total number of licensed events will increase generating an additional 5% in facility rental.

- **Concessions/Catering**

In anticipation of increased concessions/catering sales following the recruitment of a chef and salesperson in FY 03, it is anticipated that sales will increase by nearly \$170,000 or 7% over the adopted FY 03 budget.

- **Parking Fees**

As part of the Strategic Plan, the Commission approved parking fees effective FY 04. It is anticipated that these changes will increase parking revenue by approximately 9% or \$132,000 over the adopted parking revenue scheduled for FY 03.

Requirements

Requirements consist of Personal Services, Materials & Services and Interfund Transfers. As summarized below, changes from the FY 03 adopted budget primarily reflect changes in compensation, a decrease in Materials & Services and the scheduled debt service for Hall D.

- **Personal Services**

Changes in MERC allocations and the deletion of 1 Expo Center full-time position resulted in an overall net reduction of 1.09 FTE from FY 03. It should be noted, however, that the full-time reduction is not anticipated to have a negative effect on resources. Although the proposed budget reports a reduction in FTE's, scheduled increases for represented wage categories and budgeting for the pay for performance program has increased personal services by approximately \$62,000 or 5% over the FY 03 adopted budget.

- **Materials & Services**

In consideration of local, state and national economic concerns as well as the Commission's desire to develop a reduced expense budget, Materials & Services are scheduled for an overall decrease of approximately 4% or nearly \$138,000 less than adopted for FY 03. It should be noted, however, that the applied expense reduction measures are not expected to have a negative effect on the Expo Center's marketing efforts.

- **Interfund Transfers**

Metro support experienced a slight increase of \$292 or approximately 1%, MERC Pooled Capital increased \$922 and the Revenue Bond Fund increased from \$1,078,865 to \$1,128,742 in accordance with the OCEDD debt service schedule

Division Overview

Fiscal Year 2003-04

Division Mission Statement

The Mission of the Portland Metropolitan Exposition Center is to provide high quality facilities and services for consumer shows, trade shows and public events

Division Profile

The Portland Metropolitan Exposition Center (Expo Center) primarily serves to provide exposition space and services, for a fee, to event producers who bring together exhibitors/vendors possessing compatible products/services for public exposition.

The Expo Center is a multi-purpose facility that has served for more than 30 years as the region's primary destination for consumer shows and public events. The 60-acre campus includes a complex of three connected buildings comprising nearly 333,000 square feet of exhibit space, 11 meeting rooms, a full-service kitchen and parking for 2,200 vehicles. Expo Center hosts approximately 100 consumer, trade shows and public events annually, attracting in excess of 600,000 attendees.

In 1997, Metro and MERC took the first steps in revitalizing the aging complex of buildings it inherited from Multnomah County when they assumed management in 1994. A series of fortuitous circumstances enabled Metro to fund and construct a new 108,000-square-foot exhibition facility, Hall E, which opened in the spring 1997. This modern facility has all the required amenities: column-free exhibit space, temperature control systems, loading bays, a large lobby and meeting rooms. A new era of modernization was launched with the completion of Hall E, giving Expo Center the distinction as the largest consumer show complex on the West Coast.

During the construction of Hall E, it became evident that a long-term vision for the Expo Center was needed. A vision planning document, *Expo: a Vision for the Future*, was created, calling for complete replacement of the remaining four older buildings, Halls A, B, C and D, with modern facilities similar to Hall E. The planning concept would replace the old buildings in phases, with Hall E being the first of three phases.

In 2000, Expo Center simultaneously undertook a master planning process and started construction on Phase 2, the replacement of Hall D. In March of 2001, Hall D was completed as a new 112,000-square-foot building comprising 72,000 square feet of column-free exhibit space, a commercial kitchen, a large lobby and eight meeting rooms.

The conditional use master plan was approved by city of Portland in June 2001. It identifies future improvements related to Phase 3 and other required enhancements to the exhibit complex. Concurrent with the master planning process, Tri-Met received funding and community approval to extend its light-rail system with the northern terminus to be at the Expo Center. Interstate MAX is scheduled to be operational in September 2004.

Division Overview

Fiscal Year 2003-04

Major Accomplishments

- Completed first full year operation of Hall D.

Marketing the Expo Center:

- A comprehensive marketing plan and long-term framework for future plans, revisions and/or updates was established in the Spring 2002.
- The "shoulder season" was identified as the month of May through Labor Day. Based upon historical information, staff set about contacting compatible event producers advising of space and date opportunities. These efforts did result in an increase in the number of contracted events during the summer of 2002. Informal concepts associated with incentive type discounts were envisioned and shared with the Ad Hoc licensee committee for consideration.
- Phase I in developing an enhanced web presence and the securing of second party promotional events were executed.
- As a result of the FY 2002-03 Budget Committee review process, an additional FTE was recruited and employed during FY 2001-02 in support of enhancing Marketing & Sales Department preferred efforts.

Long-term financial stability:

- In collaboration with the Chief Financial Officer, the standards used to calculate a sufficient fund balance target were determined. Applying these standards, based on the FY 02 second close financials report, Expo attained 106% of the target.
- Staff and architects engaged in several Phase III design and construction phasing workshops.
- In January 2002, the Commission approved an increase in parking fees for FY 2002-03 and 04. In addition, an Ad Hoc Expo Center licensee committee was established in May 2002.

Construct new exhibition and conference facility to complete Phase III:

- Staff and architects engaged in several design and construction phasing workshops. An outside estimator then produced a direct construction cost summary document.
- In May 2002, an Ad Hoc Expo Licensee Committee was appointed to collaborate and assist staff with the development, review and formulation of recommendations to assist in developing sufficient fund resources.

Enhance community awareness and outreach:

- A database of historical information was created and is updated as new event contacts occur. This database serves to authenticate the value of outreach dollars and/or larger marketing efforts to date.
- A website design consultant was secured and contracted for Phase I of up to a four phase program. The initial phase has been completed and was intended to modernize and completely reformat the former site.
- Initial efforts focused on developing relationships between the Expo Center and its immediately surrounding community. This included contacts with local area hoteliers, engaging their participation on the Advisory Committee, as well as participation in Columbia Corridor Association, National Association of Consumer Shows and research in the Rivergate business area.
- The Advisory Committee convened in the Spring 2002 to review its' make-up and purpose; activities to date; established a preferred meeting schedule; and the appointment of an Ad Hoc Expo Licensee committee.

Division Overview

Fiscal Year 2003-04

Major Objectives

Marketing the Expo Center:

- Yearly review of the marketing plan will continue and sufficient funding, based upon information to date, has been provided for in the proposed budget.
- Although the impact of efforts anticipated to occur in FY 2003-04 are listed as "tentative", it is expected that the summer of 2003 will show clear improvement in "definite" bookings from the previous year.
- The proposed budget includes increased funding in promotion/public relations, advertising and the addition of a catering sales representative specific to the Expo Center.
- Continuing the intent of ever increasing support for marketing of the Expo Center, funding is proposed to increase by approximately 25% over FY 2002-03. The budget focuses particularly in the areas of local, regional and national awareness; website and collateral material development; targeted direct mail efforts, community networking and industry associations.

Long-term financial stability:

- The proposed budget anticipates attaining 91% of the ending fund balance target.
- The draft document associated with this strategy is for "information only"; it contains design concepts, phasing and construction cost estimates for each phase. The document does not, however, have any impact on the proposed budget.
- The proposed budget provides for an increase in parking fees, the collection of a 6%/\$.50 minimum per ticket sold user fee and increased facility rental rates for non-ticketed events.

Construct new exhibition and conference facility to complete Phase III:

- Although the greater part of this goal has been satisfied and a final draft document has been received, the document only serves to support long-term informational planning and has no impact the proposed budget.
- Similar to Strategy A, costs estimates associated with this goal are for information only and do not have an impact on the proposed budget.
- The proposed budget only reflects the collection of user fees that would be associated with developing fund resources. It does not reflect any other Phase III resources as they are unknown at this time. The Ad Hoc committee will remain engaged in the development processes (naming, advertising sponsorships etc.) as circumstances may be presented.

Enhance community awareness and outreach:

- A detailed outreach plan is underway pending increased information collected through the database methodology. Although specific messages are yet to be determined, the proposed budget is sufficiently flexible to accommodate any proposed recommendations.
- This fiscal year contemplates activating Phase IV and includes ongoing maintenance of the site, on-line ordering and virtual tours of the Expo Center. This revitalization effort will continue to showcase the "new" Expo Center as a primary event destination accommodating a multitude of service needs.
- Pending the balance of our experience during FY 03 and evaluating its' impact, further development and participation in these and other relationships and associations remains underway. Sufficient funding for memberships and promotional materials has been included in the proposed budget.
- As a volunteer committee, the proposed budget does not identify specific expenditures associated with their function.

Division Overview

Fiscal Year 2003-04

Performance Measures

FISCAL YEAR	TYPE OF EVENTS	# EVENTS	AMOUNT
2000-2001		80	\$991,796
	Consumer/Public Shows	62	
	Convention with Tradeshow	1	
	Tradeshows	5	
	Miscellaneous	12	
2001-2002		100	\$1,259,997
	Consumer/Public Shows	63	
	Convention/Conference	1	
	Trades Shows	4	
	Miscellaneous	32	
2002-03		100	\$1,325,000
	Consumer/Public Shows	79	
	Trades Shows	6	
	Miscellaneous	15	
2003-04		105	\$1,325,000
	Consumer/Public Shows	80	
	Trades Shows	5	
	Miscellaneous	20	

Division Overview

Fiscal Year 2003-04

Budget Summary

Resources		<u>FY 2003-04</u>
Beginning Fund Balance (estimated)		\$2,613,458
Charge for Services		
User Fees	\$250,000	
Rentals	1,356,000	
Food Services	2,500,220	
Utility Services	287,500	
Commissions	40,000	
Parking Fees	1,635,349	
Reimbursement Labor	294,697	
Miscellaneous Charges for Services	30,700	6,394,466
Other		
Interest	52,269	
MERC Support Services	(153,647)	(101,378)
Total Resources		<u>\$8,906,546</u>

Requirements

Personal Services		
Salaries and Wages	973,614	
Fringe Benefits	327,672	1,301,286
Materials and Services		
Goods	104,450	
Services	2,804,140	
Intergovernmental Expenditures	10,000	
Other Expenditures	18,800	2,937,390
Interfund Transfers		
Transfer for Indirect Costs	241,193	
Transfer of Resources	1,228,742	1,469,935
Contingency		169,547
Unappropriated Fund Balance		
Reserve	250,000	
Unreserve	2,778,388	3,028,388
Total Requirements		<u>\$8,906,546</u>

Full-Time Equivalent Staffing

Salaries - Regular Full-Time	6.39	
Wages - Regular Full-Time	8.45	
Total FTE		<u>14.84</u>

Resource Detail and Analysis

Fiscal Year 2003-04

BEGINNING FUND BALANCE

Beginning Fund Balance		\$2,613,458
	FY 2001-02 Second Close Ending Fund Balance	\$2,811,125
	FY 2002-03 Resources	5,536,017
	FY 2002-03 Requirements	(5,733,684)

CHARGE FOR SERVICES

\$0

4500	Admission Fee's		\$250,000
	120	User Fee's	\$250,000
4510	Rentals		\$1,356,000
	141	Buildings/Rooms	\$1,325,000
	143	Equipment	31,000
4550	Food Service Revenue		\$2,500,220
	150	Food	\$2,088,124
	160	Catered Food Service Revenue	412,096
4580	Utility Services		\$287,500
	200	Electrical	\$180,000
		35% commission received from provider of temporary electrical connection services.	
	201	Telephone	45,000
	202	Air/Water/Gas	2,500
	204	Audio Visual	10,000
	209	Miscellaneous	50,000
4590	Commissions		\$40,000
	3032	ATM Charges	\$40,000
4620	Parking Fees		\$1,635,349
		Vehicle Parking Rate at \$7 each, net	198,000 \$1,289,302
		Car Pool Rate at \$6 each, net	22,000 122,791
		Exhibitor Passes at \$6 each, net	40,000 223,256
4645	Reimbursed Services		\$294,697
	321	Ticket Services (Box Office)	\$86,233
		Ticket Supervisor (1,450hrs., net billing rate)	\$31,698
		Show Seller (3,500hrs., net billing rate)	54,535
	322	Admissions	61,744
		Admission Lead (875 hrs., net billing rate)	14,651
		Gate Attendant (3,750 hrs, net billing rate)	47,093
	323	Special Services	25,070
		Medical Technician (1,100 hrs., net billing rate)	25,070
	324	Events Services	121,650
		Peer Security (5,537 hrs, net billing rate)	75,000
		Portland Police Bureau	41,650
		IATSE Rigger	5,000
4650	Misc Charges for Services		\$30,700
		Net ticket printing	\$30,700

Resource Detail and Analysis

Fiscal Year 2003-04

INTEREST EARNINGS

4700	Interest on Investment	\$52,269
	FY 2002-03 average fund balance at a 2% earning rate	\$52,269

INTRA-FUND CLEARING TRANSFER

4990	Intra - Fund Clearing Transfer	(\$153,647)
	MERC Administration	(\$153,647)

Total Resources		\$8,906,546
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Beginning Fund Balance:	decreased \$197,667 based upon budgeted FY 03 cash flow plus contingency
User Fees:	new resource item estimated at \$250,000 based upon FY 02 ticket sales information
Rentals:	increased \$1,000 based upon moderate increase in facility and equipment rentals
Food Service:	increased \$167,662 based upon improved catering sales
Utility Services:	increased \$35,000 based upon the application of a new electrical services agreement and improved audio-visual rentals
Commissions:	increased \$10,000 based upon increased transaction fees
Parking Fees:	increased \$132,093 based upon increased fees
Reimbursed Services:	increased \$134,084 primarily to accommodate the deletion of pass-through accounting for contracted security and police services
Miscellaneous Charges:	increased \$28,700 to accommodate previously unbudgeted ticket printing fees
Interest:	increased \$17,269 based upon the FY 03 average fund balance at 2%
Intra-Fund Clearing Transfer:	decreased \$11,739 based upon MERC allocation plan

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

5010	Salaries - Regular Full-time	6.39	\$378,476
	Admissions Staffing Manager (Allocated)	0.20	\$9,096
	Event Coordinator II	2.00	95,127
	Expo Manager	1.00	83,041
	IT Supervisor (Allocated)	0.14	8,475
	Operations Manager I	1.00	66,586
	Sales & Marketing Manager	1.00	60,533
	Security Manager (Allocated)	0.05	2,752
	Ticketing and Parking Services Mgr	1.00	52,866
5015	Wages - Regular Full-Time	8.45	\$302,198
	Administrative Technician (Allocated)	0.40	\$12,313
	Administrative Assistant	1.00	38,860
	Clerk II (Allocated)	0.05	1,557
	Utility Lead	2.00	60,084
	Utility Maintenance Specialist	5.00	189,384
5043	Wages - Part-Time Non-Reimbursed Labor		\$115,474
	Admission Training		\$2,465
	Event Receptionist (1,500 hrs)		16,377
	Event Custodians (7,500 hrs)		83,507
	Relief Facility Security Agent (1,040 hrs)		13,125
5045	Wages - Part-Time Reimbursed Labor		\$130,688
	Admission Lead (875 hrs)		\$11,541
	Gate Attendant (3,750 hrs)		36,975
	Medical Technician (1,100 hrs)		15,730
	Show Seller (3,500 hrs)		43,575
	Ticket Services Supervisor (1,450 hrs.)		22,867
5080	Overtime		\$12,491
	Administrative Assistant (250 hrs.)		\$6,863
	Utility Maintenance Specialists (200 hrs.)		5,628
5089	Merit Based Compensation		\$34,287
	7% of Regular Full-Time Non-represented Salaries and Wages including Overtime		
5100	Fringe Benefits		\$327,672
	Fringe Benefits		\$322,724
527	Unemployment Expense		4,948
Total Personal Services		14.84	\$1,301,286

Expenditure Detail and Analysis

Fiscal Year 2003-04

Materials and Services

GOODS

5201		Office Supplies		\$1,850
602	Postage		\$1,300	
	Administration Department	\$1,300		
603	Meeting Expense		550	
	Administration Department	300		
	Marketing Department	250		
5205		Operating Supplies		\$71,500
610	Landscape		\$900	
	Operations Department	\$900		
611	Custodial		35,000	
	Operations Department	35,000		
612	Veterinary/Medical Supplies		1,500	
	Event Coordination Department	1,500		
613	Graphics/Reprographic		1,200	
	Event Coordination Department	1,200		
618	Small Tools		1,500	
	Operations Department	1,500		
619	Promotion Supplies		500	
	Marketing Department	500		
620	Other		30,900	
	Administration Department	9,000		
	Marketing Department	2,000		
	Event Coordination Department	18,100		
	Parking Department	1,800		
5210		Subscriptions & Dues		\$4,100
625	Subscriptions & Publications		\$600	
	Administration Department	\$600		
626	Dues		3,500	
	Administration Department	2,500		
	Marketing Department	750		
	Ticketing Services Department	250		
5214		Fuels & Lubricants		\$4,500
	Operations Department		\$4,500	
5215		Maintenance & Repairs Supplies		\$22,500
631	Building		\$6,500	
	Operations Department	\$6,500		
632	HVAC		4,000	
	Operations Department	4,000		
634	Grounds		500	
	Operations Department	500		
635	Vehicles		500	
	Operations Department	500		
636	Equipment		11,000	
	Operations Department	9,500		
	Ticket Services Department	1,500		

Expenditure Detail and Analysis

Fiscal Year 2003-04

SERVICES

5240		Contracted Professional Services		\$50,000
		Contracted Professional Services		\$21,750
		Administration Department	\$8,500	
		Event Coordination Department	250	
		Parking Department	13,000	
	652	Promotion/Public Relations		15,750
		Marketing Department	15,750	
	654	Management/Consulting Services		12,500
		Administration Department	12,500	
5251		Utility Services		\$493,000
	660	Electricity		\$295,000
		Operations Department	\$295,000	
	661	Water/Sewer		30,000
		Operations Department	30,000	
	662	Natural Gas		90,000
		Operations Department	90,000	
	664	Sanitation		48,000
		Operations Department	48,000	
	665	Telecommunications		30,000
		Operations Department	30,000	
5260		Maintenance & Repair Services		\$42,550
	631	Building		\$8,000
		Operations Department	\$8,000	
	632	HVAC		9,500
		Operations Department	9,500	
	634	Grounds		2,000
		Operations Department	2,000	
	635	Vehicles		2,500
		Operations Department	2,500	
	636	Equipment		20,550
		Administration Department	1,000	
		Operations Department	12,500	
		Event Coordination Department	1,850	
		Ticket Services Department	5,200	
5265		Rentals		\$8,000
	670	Equipment		\$8,000
		Administration Department	\$3,500	
		Operations Department	1,000	
		Event Coordination Department	3,500	
5280		Other Purchased Services		\$225,882
	680	Advertising		\$30,782
		Administration Department	500	
		Marketing Department	30,000	
		Event Coordination Department	282	
	681	Printing		25,800
		Administration Department	3,500	
		Marketing Department	5,000	
		Ticketing Services Department	11,500	
		Parking Department	5,800	
	682	Typesetting/Reprographics		1,600
		Marketing Department	1,600	
	683	Delivery Services		500
		Administration Department	500	

Expenditure Detail and Analysis **Fiscal Year 2003-04**

685	Temporary Help		159,650
	Operations Department	10,000	
	Event Coordination Department	121,650	
	Parking Department	28,000	
686	Uniform Cleaning		4,550
	Operations Department	2,500	
	Event Coordination Department	1,050	
	Ticketing Services Department	1,000	
795	Credit Card Fees		3,000
	Administration Department	3,000	
5290	Operations Contracts		\$1,984,708
694	Concessions and Catering: Contract Reserve		\$68,266
6941	Concessions and Catering: Labor		708,068
6942	Concessions and Catering: Mgmt Fee		133,748
6943	Concessions and Catering: Product		472,091
6944	Concessions and Catering: Supplies		84,334
6945	Concessions and Catering: Subcontractor		395,853
6949	Concessions and Catering: Overhead		45,548
695	Parking Operations Contract		76,800

Intergovernmental Expenditures

5300	Payments to Other Agencies		\$10,000
	Pymts to Other Agencies		\$9,000
	Administration Department	\$9,000	
700	Licenses & Permits		1,000
	Administration Department	1,000	

Other Expenditures

5450	Travel		\$8,000
	Administration Department		\$1,500
	Marketing Department		2,000
	Event Coordination Department		2,000
	Parking Department		2,500
5455	Staff Development		\$4,800
	Administration Department		\$1,000
	Marketing Department		1,000
	Operations Department		200
	Event Coordination Department		2,000
	Ticketing Services Department		600
5490	Misc Expenditures		\$5,000
740	Promotion		\$5,000
	Marketing Department	\$5,000	
5520	Bad Dept Expense		\$1,000
Total Materials & Services			\$2,937,390

Expenditure Detail and Analysis

Fiscal Year 2003-04

Interfund Transfers

Internal Service Transfers

5800	Transfer for Indirect Costs	\$241,193
	Support Services Fund	\$170,290
	General Fund	14,826
	Risk Management Fund - Liability	41,603
	Risk Management Fund - Workers Comp	14,474

Fund Equity Transfers

5810	Transfer of Resources	\$1,228,742
	MERC Pooled Capital Fund	\$100,000
	Improvements	\$81,802
	Personal Services	18,198
	Revenue Bond Fund	1,128,742

Total Interfund Transfers		\$1,469,935
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Contingency and Ending Balance

Contingency

5999	Contingency	\$169,546
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Unappropriated Fund Balance

5990	Unappropriated Ending Fund Balance	\$3,028,389
	Unreserved	\$2,778,389
	Reserved	250,000

Total Contingency and Ending Balance		\$3,197,935
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TOTAL REQUIREMENTS		\$8,906,546
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Expenditure Detail and Analysis

Fiscal Year 2003-04

FTE Changes from FY 2002-03

		FY 2002-03	FY 2003-04	Change
5010	Salaries - Regular Full-time	0.30	0.34	0.04
	Admissions Staffing Manager (Allocated)	0.10	0.20	0.10
	Capital Projects Manager (Allocated)	0.10	-	(0.10)
	Capital Projects Manager Assistant (Allocated)	0.10	-	(0.10)
	IT Supervisor (Allocated)	0.00	0.14	0.14
5015	Wages - Regular Full-Time	1.10	0.05	(1.05)
	Clerk II (Allocated)	0.10	0.05	(0.05)
	Operating Engineer	1.00	-	(1.00)

Admissions Staffing Manager changes reflect reallocation
 Capital Projects Manager and Assistant reflects change in budgeting.
 These positions are now budgeted in the MERC Pooled Capital Fund
 IT Supervisor reflects allocation of new position.

Clerk II changes reflect reallocation.
 Operating Engineer position was eliminated.

Expenditure Detail and Analysis

Fiscal Year 2003-04

Materials & Services

Office Supplies:	decreased \$8,000 based upon experience to date and limiting expenditures
Operating Supplies:	decreased \$13,000 based upon experience to date and limiting expenditures
M&R Supplies:	decreased \$19,000 based upon experience to date and benefit of Hall C lighting retrofit
Utilities:	decreased \$37,000 based upon experience to date, anticipated decreases in expenses and benefit of Hall C lighting retrofit
Other Purchased Services: to a pass-through account	increased \$55,511 to accommodate services no longer accrued
Operating Contracts:	decreased \$129,000 to accommodate limiting concession and catering expenditures and a reduction in parking labor contract rate
Bad Debt Expense:	added \$1,000 in accordance with accounting directive

Interfund Transfers

Transfer for Resources: scheduled debt service	increased \$50,000 to primarily accommodate increase in
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MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change
	Actual	Actual	FTE Actual	FTE Actuals	Budget	FTE Request	02/03 vs 03/04	02/03 vs 03/04
Expo Center								
<i>Resources</i>								
<i>Beginning Fund Balance</i>								
* Prior year adjustment	0	1,939	0	0	0	0	0%	-
* Expo Center	1,537,814	2,575,718	2,257,307	2,806,583	2,973,760	2,613,458	-12%	(360,302)
<i>Grants</i>								
Local Grants - Indirect	0	0	4,430	0	0	0	0%	-
<i>Contributions from Governments</i>								
Government Contributions	0	0	80,967	0	0	0	0%	-
<i>Charges for Service</i>								
Insurance Recovery	0	0	0	4,930	0	0	0%	-
Admission Fees	0	0	0	0	0	250,000	0%	250,000
Rentals	1,142,652	1,154,352	1,016,345	1,286,836	1,355,000	1,356,000	0%	1,000
Food Service Revenue	1,445,307	1,824,709	1,876,159	1,965,173	2,332,558	2,500,220	7%	167,662
Retail Sales	0	0	0	0	0	0	0%	-
Merchandising	2,977	0	0	0	0	0	0%	-
Utility Services	202,196	197,464	216,537	224,087	252,500	287,500	14%	35,000
Commissions	19,436	24,439	29,212	28,196	30,000	40,000	33%	10,000
Administrative Fees	0	0	0	0	0	0	0%	-
Parking Fees	1,068,643	1,328,889	1,139,407	1,209,827	1,503,256	1,635,349	9%	132,093
Reimbursed Services	77,244	121,577	81,500	158,053	160,613	294,697	83%	134,084
Miscellaneous Charges for Svc	18,678	8,341	11,470	26,919	2,000	30,700	1435%	28,700
<i>Interest Earnings</i>								
Interest on Investments	110,845	108,411	141,684	71,392	35,000	52,269	49%	17,269
<i>Miscellaneous Revenue</i>								
Financing Transaction	0	0	(2,412)	135	0	0	0%	-
Sale of Fixed Assets	0	0	0	0	0	0	0%	-
Miscellaneous Revenue	(477)	(3,900)	(422)	4,349	0	0	0%	-
<i>Fund Equity Transfers</i>								
<i>Transfer of Resources</i>								
* from MERC Pooled Capital Fund	0	0	0	0	0	0	0%	-
* from General Fund	0	0	18,000	10,500	7,000	0	-100%	(7,000)
* from Convention Center Project Capital Fund	0	0	0	0	0	0	0%	-
<i>Intra-Fund Clearing Transfer</i>								
Intra-Fund Clearing Transfer								
* to MERC Administration	0	(277,737)	(1,426)	(130,752)	(141,910)	(153,647)	8%	(11,737)
TOTAL RESOURCES	\$5,625,315	\$7,064,202	\$6,868,758	\$7,666,228	\$8,509,777	\$8,906,546	5%	\$396,769

MERC Operating Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE	FY 2000-01 Actual	FY 2001-02 FTE	FY 2001-02 Actuals	FY 2002-03 FTE	FY 2002-03 Budget	FY 2003-04 FTE	FY 2003-04 Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Expo Center												
<i>Requirements</i>												
<i>Personal Services</i>												
<i>Salaries & Wages</i>												
Reg Employees-Full Time-Exempt	227,794	288,028	6.50	344,171	5.75	312,138	6.25	327,560	6.39	378,476	16%	50,916
Reg Empl-Full Time-Non-Exempt	183,318	221,757	8.35	275,690	8.35	280,744	9.45	342,678	8.45	302,198	-12%	(40,480)
Regular Employees Part Time Exempt	0	0		0		0		0		0	0%	-
Regular Employees Part Time Non-Exempt	0	0		5,617		11,813		0		0	0%	-
Temporary Employees	171	16,930		35,355		5,440		0		0	0%	-
Part-Time, Non-Reimbursed Labor	11,495	43,787		52,418		83,789		95,169		115,474	21%	20,305
Part-Time, Reimbursed Labor	68,746	70,820		77,028		104,234		125,870		130,688	4%	4,818
Overtime	13,849	12,045		12,478		9,614		11,667		12,491	7%	824
Merit/Bonus Pay	0	0		0		0		26,672		34,287	29%	7,615
<i>Fringe Benefits</i>												
Fringe Benefits	165,207	199,206		244,114		255,002		310,225		327,672	6%	17,447
TOTAL PERSONAL SERVICES	\$670,580	\$852,573	14.85	\$1,046,871	14.10	\$1,062,774	15.70	\$1,239,841	14.84	\$1,301,286	5%	\$61,445

MERC Operating Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actuals	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Expo Center								
<u>Requirements</u>								
<u>Materials & Services</u>								
<i>Goods</i>								
Office Supplies	4,082	5,819	7,620	6,550	10,500	1,850	-82%	(8,650)
Operating Supplies	38,258	54,318	118,563	275,714	84,500	71,500	-15%	(13,000)
Subscriptions and Dues	1,981	2,662	2,141	3,431	3,270	4,100	25%	830
Fuels and Lubricants	2,405	3,687	3,727	3,651	4,500	4,500	0%	-
Maintenance & Repairs Supplies	19,728	26,586	25,106	21,143	42,150	22,500	-47%	(19,650)
Purchasing Card Expenditures	0	0	8	0	0	0	0%	-
Food	0	0	0	0	0	0	0%	-
<i>Services</i>								
Contracted Professional Svcs	99,195	31,868	38,616	40,150	51,600	50,000	-3%	(1,600)
Marketing Expense	0	0	0	0	0	0	0%	-
Contracted Property Services	0	0	0	0	0	0	0%	-
Utility Services	316,709	313,483	371,265	487,921	530,000	493,000	-7%	(37,000)
Cleaning Services	8,587	0	0	0	0	0	0%	-
Maintenance & Repair Services	22,131	36,011	36,825	33,441	38,068	42,550	12%	4,482
Rentals	4,091	5,551	27,692	8,300	5,950	8,000	34%	2,050
Insurance	32,030	32,991	0	0	0	0	0%	-
Other Purchased Services	110,712	95,150	116,406	111,088	170,371	225,882	33%	55,511
Operations Contracts	928,319	1,381,637	1,547,290	1,554,535	2,110,169	1,984,708	-6%	(125,461)
<i>Intergov't Expenditures</i>								
Payments to Other Agencies	913	6,452	6,894	6,689	8,000	10,000	25%	2,000
Taxes (Non-Payroll)	3,750	0	0	0	0	0	0%	-
Election Expenses	0	0	0	0	0	0	0%	-
<i>Internal Charges for Services</i>								
Charges for Services	0	96,843	0	0	0	0	0%	-
<i>Other Expenditures</i>								
Travel	3,725	2,671	3,564	2,884	7,000	8,000	14%	1,000
Staff Development	1,605	130	763	1,807	3,400	4,800	41%	1,400
Miscellaneous Expenditures	1,277	3,738	89,450	7,650	5,750	5,000	-13%	(750)
<i>GAAP Account</i>								
Bad Debt Expense	0	0	0	0	0	1,000	100%	1,000
TOTAL MATERIALS AND SERVICES	\$1,599,498	\$2,099,597	\$2,395,930	\$2,564,954	\$3,075,228	\$2,937,390	-4%	(\$137,838)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
	Actual	Actual	FTE Actual	FTE Actuals	FTE Budget	FTE Request		
Expo Center								
<u>Requirements</u>								
<u>Debt Service</u>								
<i>Capital Lease Payments</i>								
Capital Lease Payments-Principal	87,500	92,500		97,500	0	0	0%	-
Capital Lease Payments-Interest	11,326	7,096		2,438	0	0	0%	-
<i>Revenue Bond Payments</i>								
Revenue Bond Payments-Principal	400,512	1,517,903		0	0	0	0%	-
Revenue Bond Payments-Interest	121,612	108,924		0	0	0	0%	-
TOTAL DEBT SERVICE	\$620,950	\$1,726,423		\$99,938	\$0	\$0	0%	-
<u>Capital Outlay</u>								
<i>Capital Outlay (Non-CIP Projects)</i>								
Buildings & Related (non-CIP)	22,741	30,698		0	0	0	0%	-
Exhibits and Related (non-CIP)	0	0		0	0	0	0%	-
Equipment & Vehicles (non-CIP)	53,508	44,960		9,177	0	0	0%	-
Office Furn & Equip (non-CIP)	0	0		0	0	0	0%	-
<i>Capital Outlay (CIP Projects)</i>								
Improve-Oth thn Bldg (CIP)	63,842	43,496		152,646	0	0	0%	-
Buildings & Related (CIP)	18,478	9,148		76,948	0	0	0%	-
TOTAL CAPITAL OUTLAY	\$158,569	\$128,302		\$238,771	\$0	\$0	0%	-
TOTAL OPERATING REQUIREMENTS	\$3,049,597	\$4,806,895		\$3,781,510	\$3,627,728	\$4,315,069	\$4,238,676	-2% (\$76,393)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
	Actual	Actual	FTE Actual	FTE Actuals	FTE Budget	FTE Request		
Expo Center								
<i>Requirements</i>								
<i>Interfund Transfers</i>								
<i>Internal Service Transfers</i>								
Transfer for Indirect Costs								
* to Support Services Fund	0	0	158,886	199,576	189,192	170,290	-10%	(18,902)
* to General Fund					14,096	14,826	5%	730
* to Risk Management Fund - Liability	0	0	13,347	18,206	27,735	41,603	50%	13,868
* to Risk Management Fund - Workers Comp.	0	0	7,199	8,907	9,649	14,474	50%	4,825
Total Metro Support Costs	0	0	179,432	226,689	240,672	241,193	0%	521
<i>Fund Equity Transfers</i>								
Transfer of Resources								
* to MERC Pooled Capital	0	0	0	0	99,078	100,000	1%	922
* to Convention Center Project Capital Fund	0	0	0	0	0	0	0%	-
* to Risk Management Fund	0	0	0	0	0	0	0%	-
* to Revenue Bond Fund	0	0	101,231	1,000,688	1,078,865	1,128,742	5%	49,877
TOTAL INTERFUND TRANSFERS	\$0	\$0	\$280,663	\$1,227,377	\$1,418,615	\$1,469,935	4%	51,320
<i>Contingency</i>								
Contingency	0	0	0	0	171,786	169,547	-1%	(2,239)
<i>Unappropriated Fund Balance</i>								
Unappropriated Fund Balance-Reserved	0	0	0	0	0	250,000	0%	250,000
Unappropriated Fund Balance	2,575,718	2,257,307	2,806,585	2,811,123	2,604,307	2,778,388	7%	174,081
TOTAL CONTINGENCY/ENDING BALANCE	\$2,575,718	\$2,257,307	\$2,806,585	\$2,811,123	\$2,776,093	\$3,197,935	15%	421,842
TOTA REQUIREMENTS	\$5,625,315	\$7,064,202	\$6,868,758	\$7,666,228	\$8,509,777	\$8,906,546	5%	396,769

MERC Operating Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actuals	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Expo Center								
<u>Change in Fund Balance</u>								
TOTAL NET CASH FLOW	\$1,037,904	(\$318,411)	\$549,278	\$4,540	(\$197,667)	\$584,477	-396%	782,144

Excise Tax Generation

Revenue (Charges for Service)				4,904,021	5,635,927	6,394,466	13%	758,539
Gross Revenue (Charges for Service)				5,271,823	6,058,622	6,874,051	13%	815,429
TOTAL EXCISE TAX GENERATION ESTIMATE	\$299,404	\$349,487	\$327,588	\$367,802	\$422,695	\$479,585	13%	\$56,890

November 14, 2002

TO: Mark B. Williams
MERC General Manager

FROM: Jeffrey A. Blosser
Executive Director

RE: Transmittal of FY 2003-04 Oregon Convention Center Operating Budget

Attached is the Oregon Convention Center proposed budget for FY 2003-04 for your review. The proposed budget reflects the first full year of operation for the newly expanded facility.

Major Work Plan

Managing and Operating Newly Expanded Facility: This will be the first full fiscal year of operation of the expanded facility. Staff will be learning how to integrate the two facilities into one with new operating systems for HVAC, lighting, fire alarm and audio visual. Part of the process will be to move equipment back and forth with new set up/tear down requirements and many more multiple events. Efficiencies of operation will take some time and this will be the learning year. FY 2003-04 will also test our inventories and we may need to adjust storage of equipment and/or rent equipment if funds do not provide sufficient FF&E, and utilize staff in a different way to adjust to larger events and more maintenance.

Training of all Staff on New Facility: This will be a major emphasis as we learn how the facility works, how clients use it, cleaning, set up/down needs for events, maintenance, scheduling, parking requirements and how to manage multiple events. Staffing will be critiqued and scheduling will be reviewed as we shake out for the first full year. It is anticipated that ongoing training for all staff will include: new operating policies, equipment usage, managing of shifts, time management and team building.

Aggressive Marketing of New Facility: OCC will continue to participate with POVA in our national convention marketing efforts through trade show participation, national advertising and branding of Portland. Jointly we will continue to use Young and Roehr Group to position Portland and OCC. OCC will also be more aggressive as we start to attract local meetings and food functions to our new space. Direct mail, client FAMS and direct sales will be our approach to soliciting new and current business to utilize OCC meeting and ballroom space. OCC will also be participating and supporting a Headquarter Hotel development with POVA and PDC to capitalize on our expansion and to achieve the greatest return on this public investment.

Establish Public Relations/Outreach Program: Part of OCC's business plan is to establish public relations and outreach programs to tell OCC's story. It is important that OCC reach the general public about the importance of convention/tourism business and how we affect the community. The program will include communications as our impact through tax generation, jobs created and attracting dollars to the community. We also need to reach out to the public agencies to be more participatory in shaping how the region's facilities are managed. Last, OCC needs to become a player in the business community for support of OCC's ongoing business needs, marketing and use of meeting space and setting direction for the development of the Lloyd District and Central Eastside.

Implementation of this work plan has been accounted for in OCC's proposed budget. Elements contributing to the proposed Resources and Requirements are noted below:

Resources

Major revenue streams include facility rental, concessions/catering sales, utilities, and parking fees

- Facility Rental

OCC rental fees were budgeted at \$2,181,650 for FY 02-03 and are budgeted at a greater number of \$2,560,915 for FY 03-04, an increase of \$379,265. This increase reflects events scheduled due to the expanded facility as well as the expansion of current events utilizing the facility.

- Concessions/Catering Revenue

FY 2002-03 Concessions/Catering revenue was budgeted at \$5,540,907 and for FY 2003-04 the amount budgeted is \$6,084,125 for an increase of \$543,218, which reflects the use of a second ballroom, more available dates and increased attendance.

- Parking Revenue

FY 2002-03 Parking revenue was budgeted at \$953,000 and 2003-04 the amount budgeted is \$1,380,000 for an increase of \$427,000.

- Utilities Revenue

FY 2002-03 Utilities revenue was budgeted at \$1,381,120 and for FY 2003-04 the amount budgeted is \$2,240,887, for an increase of 859,767 which includes adding the new booth cleaning service as well as the increased business utilizing the meeting rooms and new exhibit space.

Requirements

- Personal Services

Personal Services consists of a decrease of approx. 12 FTE for FY 2003-04, an amount of \$7,669,495, which is an increase of \$739,953 from FY 2002-03. This increase in dollar amount is due to a full year's salary of all staff, increases in fringe costs and implementation of the MERC Compensation Study.

- Materials and Services

Similar to Personal Services, Materials and Services will reflect an increase from FY 2002-03 amount of \$9,864,645 to the proposed FY 2003-04 amount of \$10,294,926, an increase of \$430,281.

- Interfund Transfers

Interfund Transfers consist of Metro Support Services Costs, which were increased for FY 2003-04, to an amount of \$1,265,467 from FY 2002-03 amount of \$948,643 – an increase of \$316,824.

Department Overview

Fiscal Year 2003-04

Mission Statement

Maximize economic benefits for the metropolitan region and the state of Oregon, while protecting the public investment in the facility.

Division Profile

The Oregon Convention Center serves as a significant economic vehicle for the metropolitan region and Oregon by promoting out of town visitors. In the past three years, OCC has generated just over \$1.25 billion in economic flow to the region. The convention center's policies and management philosophy are tailored to ensure that generating out of town business convention remains it's primary objective. To achieve this objective, the center must maintaining sufficient operating revenues to responsibly manage the facility and maintain it in a first class condition.

The Oregon Convention Center opened in September 1990 as a 500,000 square foot facility consisting of exhibit space, a large ballroom, meeting rooms, generous lobby and pre-function spaces, and full-service kitchen facilities capable of serving 10,000 meals. The center's 96 full-time employees provide in-house event services, routine maintenance, and house keeping functions. Parking and food and beverage management services are provided by outside contractors.

OCC is considered a national convention center and hosts many domestic and international conventions and shows each year. The facility, with its flexible space, is also home to local meetings, food functions and consumer shows. OCC competes with other centers in the western United States including Denver, Long Beach, Phoenix, Sacramento, Salt Lake City, San Diego and Seattle. The growth in the quantity and size of trade shows and conventions has increased demand for more exhibit and meeting space at Centers throughout the US. There is also demand for enhanced technology infrastructure and services. The center's competitors have either completed or are planning expansions or opening new facilities to meet this growth.

In 2001, OCC embarked on a much-needed expansion that increases the building's size by approximately 60 percent. The expansion will add over 407,000 total square feet, and include 105,000 square feet of new exhibit space, a new grand ballroom, 22 new meeting rooms, an 800 space covered parking garage, 11 additional loading bays, retail spaces, and improvements to the kitchen and food areas. The Expansion of OCC was started in February 2001 and is currently on schedule. The grand opening of the expanded center is set for April 2003, with a parking garage opening set for April 2002.

Portland's tourism infrastructure is undergoing significant expansion in its hotel room inventory, airport facilities and mass transit. The region needs these enhanced community assets to remain competitive and capture its share of the convention market. Lloyd District improvements – including new retail, transportation and a 20-year district development plan– are also important influences on making the center attractive. Transportation costs and convenience are significant factors to convention and tradeshow clients and attendees. The Center's expansion is also a crucial piece in the Lloyd district renovation and boosting Portland's marketability as a tourist and convention destination.

OCC's funding landscape has been dramatically altered by the Visitor Development Initiative (VDI), which enabled the expansion to go forward. The VDI is a complex public/private funding mechanism, providing financing for the OCC expansion project and a host of other visitor improvement projects to be created and funded with no property taxes. VDI relies upon a 2.5% increase in the Multnomah County lodging and car rental taxes. Additional funding for the expansion came from as cash contributions of \$5 million from the OCC fund balance, and \$5 million from the City of Portland. The VDI will provide \$8.74 million in enhanced operational support for fiscal years 2001 through 2006.

Department Overview

Fiscal Year 2003-04

The pressing issue for OCC in the future is not construction related, but an operational support need for these expanded facilities. This was intended to recognize the expansion of the Center, including down time during construction, ramping up to full occupancy and the necessary operational support for a much larger facility. However, it is important to recognize that the VDI provides no *guaranteed* enhanced operational support after FY 2006.

Convention centers are traditionally operated as "loss leaders" for community economic development and tax generation, and OCC is no exception. Operating subsidies, usually from lodging tax, are provided to cover the full cost of bringing in economic-generating conventions and trade shows to a region. The larger the center, the larger the operating cost and greater the need for subsidy support. VDI provides a mechanism for Metro to request continued operating support for OCC after 2006, but such support is not guaranteed. Additionally, it is subject to both political discussion and dispute resolution processes. The community's support for ongoing operating subsidy for OCC beyond 2006 will be a significant factor in its continuing success.

Even with the expanded center, Portland still finds itself at a distinct competitive disadvantage when battling for citywide conventions because of a lack of sufficient hotel inventory or a headquarters hotel on the eastside near the Center. In this era of expansions, other communities are adding hotel rooms near their expanded or completed convention facilities. Hotel inventory will be essential factor to stay competitive in the future.

In fiscal year 2002-03, the Oregon Convention Center opened its nearly 500,000 sq. ft. expansion. The opening of the expansion increases the Center's ability to house larger shows, multiple events and allows for local shows to expand and grow. The goal of the Oregon Convention Center is to attract convention and trade show business as an economic engine for the Metropolitan Region and State of Oregon. Providing high quality, cost effective service while maximizing the use of the Center's facilities, does this. The Center must continue to balance success in attracting national and regional conventions with local citizen access to the facility as a major meeting and entertainment place. This type of balance will allow for maximum use of all meeting and convention space throughout the year, and will be paramount strive for financial stability.

Fiscal year 2003-04 will be the first full fiscal year of operation of the expanded facility. Staff will be learning how to integrate the two facilities into one with new operating systems for HVAC, lighting, fire alarm and audio visual. Part of the process will be to move equipment back and forth with new set up/tear down requirements and many more multiple events. Efficiencies of operation will take some time and this will be the learning year. FY 2003-04 will also test our inventories and we may need to adjust storage of equipment and/or rent equipment if funds do not provide sufficient FF&E, and utilize staff in a different way to adjust to larger events and more maintenance.

Significant Changes in Program FY 2003-04

- Expansion will provide retail opportunities for the Center associated with convention meeting business. It is anticipated that approximately 3,888 sq. ft. will be leased and open for business.
- Full years operating of the newly expanded center with new integrated systems, full parking structure and maintenance of much more carpet space.
- Staffing increases will consist of approximately 44 new employees starting in January 2003 to open the facility in April and training will be ongoing as staff learns about the new facility.

Major Accomplishments

- MERC Facility assessment for potential naming, sponsorship, advertising programs was completed and implemented in 2002-03.
- New marketing plan was completed and implemented.
- The five-year business plan goals 1-4 were completed with some activities ongoing.
- Successful management of the opening of the expanded facility in April of 2003.
- All new staff were hired, trained and ready for full facility operation

Department Overview

Fiscal Year 2003-04

Performance Measures

FISCAL YEAR	OCCUPANCY RATE	ECONOMIC IMPACT	# EVENTS	ATTENDANCE
2000-2001	64%	\$306 million	59	567,000
2001-2002	52%	\$306 million	57	502,712
2002-2003	60%	\$425 million	60	560,000
2003-2004	55%	\$460 million	64	660,000

Department Overview

Fiscal Year 2003-04

Budget Summary

Resources		<u>FY 2003-04</u>
Beginning Fund Balance (estimated)		\$5,100,000
Hotel/Motel Taxes		
Original rate	\$4,878,819	
Expansion Bond Operating Revenue	1,000,000	
VDI related rate	371,315	6,250,134
Charge for Services		
User Fees	1,500	
Rentals	2,630,915	
Food Services	6,084,125	
Retail Sales	20,000	
Utility Services	2,240,887	
Commissions	62,500	
Parking Fees	1,380,000	
Reimbursement Labor	408,100	
Miscellaneous Charges for Services	200,000	13,028,027
Other		
Interest	102,000	
Miscellaneous Revenue	100,000	
MERC Support Services	(570,690)	(368,690)
Total Resources		\$24,009,471

Requirements		
Personal Services		
Salaries and Wages	\$5,588,419	
Fringe Benefits	2,219,774	7,808,193
Materials and Services		
Goods	472,226	
Services	9,634,580	
Intergovernmental Expenditures	47,500	
Other Expenditures	140,620	10,294,926
Debt Service		22,809
Interfund Transfers		
Transfer for Indirect Costs		1,419,129
Contingency		725,037
Unappropriated Fund Balance		3,739,377
Total Requirements		\$24,009,471

Full-Time Equivalent Staffing

Salaries - Regular Full-Time	32.67
Wages - Regular Full-Time	87.95

Total FTE	120.62
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Resource Detail and Analysis

Fiscal Year 2003-04

BEGINNING FUND BALANCE

Beginning Fund Balance		\$5,100,000
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LOCAL GOVERNMENT SHARE REVENUES

4130	Hotel/Motel Tax		\$6,250,134
	Original tax	\$4,878,819	
	Expansion Bond Operating Revenue	1,000,000	
	VDI related tax	371,315	

CHARGE FOR SERVICES

4500	Admission Fee's		\$1,500
	120	User Fee's	\$1,500

4510	Rentals		\$2,630,915
	141	Buildings/Rooms	\$2,560,915
	143	Equipment	35,000
	673	Operating Lease Payments/Bldg	35,000

4550	Food Service Revenue		\$6,084,125
	150	Food	\$1,309,445
	160	Catered Food Service Revenue	4,774,680

4560	Retail Sales		\$20,000
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4580	Utility Services		\$2,240,887
	200	Electrical	\$992,800
	201	Telephone	228,580
	202	Air/Water/Gas	46,332
	204	Audio Visual	681,800
		Booth Cleaning	291,375

4590	Commissions		\$62,500
	3032	ATM Charges	\$62,500

4620	Parking Fees		\$1,380,000
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4645	Reimbursed Services		\$408,100
	321	Ticket Services (Box Office)	\$33,000
	322	Admissions	169,000
	323	Special Services (Security/Medical)	126,576
	325	Operations	41,165
	326	Audio Visual	38,359

4650	Misc Charges for Services		\$200,000
	361	Advertising Fees	\$175,000
	3612	Kiosk	15,000
	3613	Media	10,000

Resource Detail and Analysis

Fiscal Year 2003-04**INTEREST EARNINGS**

4700	Interest on Investment	\$102,000
4890	Miscellaneous Revenue	\$100,000

INTRA-FUND CLEARING TRANSFER

4990	Intra - Fund Clearing Transfer	(\$570,690)
	MERC Administration	(\$570,690)

Total Resources

\$24,009,471

Beginning Fund Balance: decreased \$3.2 million based upon budgeted FY 03 cash flow plus contingency
Rentals: increased \$379,000 due to expanded facility
Food Service: increased \$543,000 due to second ballroom, more available dates and increased attendance
Utility Services: increased \$859,000 adding new booth cleaning service, as well as increase business
Parking Fees: increased \$427,000 full garage operation for a full year

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

5010	Salaries - Regular Full-time	32.67	\$1,807,721
	Admissions Staffing Manager (Allocated)	0.25	\$12,166
	Asst Facility Director	1.00	70,990
	Asst. Operations Mgr.	1.00	50,294
	Audio/Visual Technician	1.00	45,479
	Audio/Visual Lead	1.00	42,617
	Booking Coordinator	1.00	42,286
	Director of Operations	1.00	76,907
	Event Manager II	4.00	193,391
	Event Services Director	1.00	63,792
	Exhibit/Facility Services Representative	1.00	39,278
	Graphic Designer	1.00	45,469
	IT Supervisor (Allocated)	0.52	31,000
	Multi-Media/Marketing Manager	1.00	45,469
	OCC Director	1.00	122,262
	Operations Mgr Housekeeping/Setup	1.00	60,533
	Operations Mgr Technical Services	1.00	66,586
	Sales & Marketing Manager	1.00	73,237
	Sales Representative	2.00	100,235
	Sales Representative II	1.00	55,037
	Security Manager (Allocated)	0.90	49,527
	Senior Event Manager	1.00	55,280
	Set-up Supervisor	4.00	200,108
	Senior Set-up Supervisor	3.00	159,000
	Telecom & Information Systems Supv	1.00	48,954
	Ticketing & Parking Services Mgr	1.00	57,824
5015	Wages - Regular Full-Time	87.95	\$3,010,576
	Administrative Technician (Allocated)	3.80	\$118,040
	Administrative Assistant	4.00	150,592
	Administrative Secretary	1.00	27,518
	Audio/Visual Technician	3.00	111,800
	Door & Locksmith	1.00	38,147
	Electrician	5.00	263,408
	Lead Facility Security Agent	8.00	240,280
	Lead Electrician	1.00	58,488
	Lead Engineer	1.00	51,910
	Multi-Media Assistant	1.00	28,205
	Clerk II (Allocated)	0.15	4,671
	Operating Engineer	5.00	242,220
	Secretary	2.00	56,577
	Telephone System Coordinator	1.00	30,534
	Utility Maintenance	3.00	91,694
	Utility Maintenance Lead	1.00	39,292
	Utility Technician	5.00	155,860
	Utility Worker I	20.00	544,770
	Utility Worker II	19.00	574,356
	Utility-Grounds-Lead	1.00	36,485
	Utility-Grounds	2.00	66,329
	Shift Differential Pay		79,400

Expenditure Detail and Analysis

Fiscal Year 2003-04

5043	Wages - Part-Time Non-Reimbursed Labor	\$190,026
5045	Wages - Part-Time Reimbursed Labor	\$318,566
5080	Overtime	\$65,486
5089	Merit Based Compensation	\$196,044
	7% of Regular Full-Time Non-represented Salaries and Wages including Overtime	
5100	Fringe Benefits	\$2,219,774
	527 Fringe Benefits	\$2,183,925
	Unemployment Expense	35,849
Total Personal Services		120.62 \$7,808,193

Materials and Services

GOODS

5201	Office Supplies	\$136,044
	Office Supplies	\$40,612
600	Computer Software	13,185
601	Computer Supplies	33,685
602	Postage	37,337
603	Meeting Expense	11,225
5205	Operating Supplies	\$134,350
610	Landscape	\$2,500
611	Custodial	16,220
612	Veterinary/Medical Supplies	6,605
613	Graphics/Reprographic	4,500
617	Packing Material	75
618	Small Tools	6,500
619	Promotion Supplies	6,500
620	Other	89,450
621	Disposable Protective Gear	2,000
5210	Subscriptions & Dues	\$18,732
	Subscription and dues	\$1,300
625	Subscriptions & Publications	5,773
626	Dues	11,659
5214	Fuels & Lubricants	\$6,200
5215	Maintenance & Repairs Supplies	\$161,900
631	Building	\$40,500
632	HVAC	15,500
633	Electrical	12,500
634	Grounds	3,600
635	Vehicles	5,000
636	Equipment	51,800
637	Show Services	30,000
638	Maintenance & Repairs Supplies-Other	3,000
5225	Retail	\$15,000

Expenditure Detail and Analysis

Fiscal Year 2003-04

SERVICES

5240	Contracted Professional Services		\$2,994,141
		Contracted Professional Services	\$72,050
	652	Promotion/Public Relations	2,877,091
	654	Management/Consulting Services	45,000
5251	Utility Services		\$1,177,530
		Utility Services	\$4,305
	660	Electricity	700,000
	661	Water/Sewer	160,000
	662	Natural Gas	135,000
	664	Sanitation	76,250
	665	Telecommunications	101,975
5255	Cleaning Services		\$1,950
5260	Maintenance & Repair Services		\$170,040
	631	Building	\$99,225
	634	Grounds	7,500
	635	Vehicles	2,500
	636	Equipment	47,265
	637	Show Services	5,750
	638	Other	7,800
5265	Rentals		\$178,905
		Rentals	\$550
	144	Audio Visual	100,000
	670	Equipment	7,600
	671	Land and Building Rental	64,150
	672	Operating Leases	3,000
	674	Operating Leases - Vehicles	3,605
5280	Other Purchased Services		\$295,020
		Other Purchased Services	\$5,250
	680	Advertising	119,415
	681	Printing	96,000
	682	Typesetting/Reprographics	5,500
	683	Delivery Services	2,950
	685	Temporary Help	7,500
	686	Uniform Cleaning	31,180
	795	Credit Card Fees	27,225
5290	Operations Contracts		\$4,816,994
		Operations Contracts	\$4,273,994
	695	Parking Operations Contract	543,000

Intergovernmental Expenditures

5300	Payments to Other Agencies		\$47,500
		Pymts to Other Agencies	\$43,890
	700	Licenses & Permits	3,610

Expenditure Detail and Analysis

Fiscal Year 2003-04

Other Expenditures

5450		Travel		\$63,360
	760	Travel	\$62,455	
		Mileage Reimbursement	905	
5455		Staff Development		\$52,545
	770	Staff Development	\$51,045	
		Tuition Reimbursement	1,500	
5490		Misc Expenditures		\$21,465
	740	Miscellaneous Expenditures	\$10,465	
		Promotion	11,000	
5520		Bad Debt Expense		\$3,250
Total Materials & Services				\$10,294,926

Debt Service

5610		Loan Payments		\$22,809
	5610	Loan Payments - Principal	\$10,280	
	5615	Loan Payments - Interest	12,529	

Interfund Transfers

Internal Service Transfers

5800		Transfer for Indirect Costs		\$1,265,549
		Support Services Fund	\$986,076	
		General Fund	58,440	
		Risk Management Fund - Liability	163,983	
		Risk Management Fund - Workers Comp	57,050	
5810		Transfer of Resources		\$153,580
		MERC Pooled Capital	\$153,580	
Total Interfund Transfers				\$1,419,129

Contingency and Ending Balance

Contingency

5999		Contingency		\$725,037
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Unappropriated Fund Balance

5990		Unappropriated Ending Fund Balance		\$3,739,377
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Total Contingency and Ending Balance				\$4,464,414
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TOTAL REQUIREMENTS				\$24,009,471
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Expenditure Detail and Analysis

Fiscal Year 2003-04

FTE Changes from FY 2002-03

		FY 2002-03	FY 2003-04	Change
5010	Salaries - Regular Full-time	7.80	6.77	(1.03)
	Admissions Staffing Manager (Allocated)	0.30	0.25	(0.05)
	Asst. Ops. Mgr. (Housekeeping)	1.00	-	(1.00)
	Event Manager I	1.00	-	(1.00)
	Event Services Director	-	1.00	1.00
	Event Services Manager	1.00	-	(1.00)
	Executive Administrative Assistant	1.00	-	(1.00)
	IT Supervisor (Allocated)	-	0.52	0.52
	OCC Director	0.50	1.00	0.50
	Operations Mgr. Housekeeping/Setup	-	1.00	1.00
	Operations Mgr. Technical Services	-	1.00	1.00
	Operations Manager I	1.00	-	(1.00)
	Senior Event Manager	-	1.00	1.00
	Senior Event Coordinator	1.00	-	(1.00)
	Ticketing and Parking Services Mgr	-	1.00	1.00
	Ticket Services Manager I	1.00	-	(1.00)
5015	Wages - Regular Full-Time	82.10	71.95	(10.15)
	Administrative Technician (Allocated)	0.80	3.80	3.00
	Administrative Assistant	3.00	4.00	1.00
	Administrative Secretary	4.00	1.00	(3.00)
	Door and Locksmith	0.00	1.00	1.00
	Electrician	4.00	5.00	1.00
	Facility Security Agent	8.00	-	(8.00)
	Lead Facility Security Agent	3.00	8.00	5.00
	Clerk II (Allocated)	0.30	0.15	(0.15)
	Secretary	4.00	2.00	(2.00)
	Utility Lead	2.00	-	(2.00)
	Utility Maintenance	4.00	3.00	(1.00)
	Utility Technician	6.00	5.00	(1.00)
	Utility Worker I	23.00	20.00	(3.00)
	Utility Worker II	20.00	19.00	(1.00)

FY 2003-04 Personal Services reflects a decrease in FTE by 11.18 due to cutting new positions added to FY 2002-03 budget.

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

Salaries and Wages: increased \$526,000 based on full year's salary of additional staffing for expanded center operations
Fringe Benefits: increased \$398,000 based on increased salaries and wages and change in calculating fringe rate

Materials and Services

Utility Services: increased \$301,000 due to expanded convention center
Purchased Services: decreased \$333,000 reflects one time cost of marketing the opening of the expanded convention center in FY 03
Operations contract: increased \$582,000 reflects expanded concession and catering operations and full year of parking garage operations
Debt Service: decreased \$205,000 reflects option to pay Steel Bridge LID assessment in installments
Transfer for Indirect Costs increased \$316,000 reflects increase in Metro support costs
Transfer of Resources decreased \$1.6 million due to completion of expansion project in FY 03

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03	FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Oregon Convention Center												
<i>Resources</i>												
<i>Beginning Fund Balance</i>												
* Oregon Convention Center	6,404,367	5,893,741		4,997,772		9,413,827		8,327,383		5,100,000	-39%	(3,227,383)
<i>Grants</i>												
Local Grants - Indirect	0	0		12,500		0		0		0	0%	0
<i>Local Gov't Share Revenues</i>												
Hotel/Motel Tax	4,066,000	4,285,888		4,585,900		4,649,054		4,878,819		4,878,819	0%	0
VDI outlined in IGA				5,740,000		600,000		950,000		1,000,000	0	50,000
<i>Contributions from Governments</i>												
Government Contributions	0	0		250,000		350,000		360,500		371,315	0	10,815
<i>Charges for Service</i>												
Insurance Recovery	0	0		0		2,471		0		0	0%	0
Admission Fees	1,738	2,305		(7,550)		0		1,500		1,500	0%	0
Rentals	1,856,824	1,836,705		1,919,533		1,560,900		2,227,400		2,630,915	18%	403,515
Food Service Revenue	4,361,309	5,325,182		5,084,006		3,709,523		5,540,907		6,084,125	10%	543,218
Retail Sales	62,520	59,253		63,488		65,295		61,000		20,000	-67%	(41,000)
Merchandising	0	0		0		0		0		0	0%	0
Utility Services	1,186,329	1,432,284		1,322,463		1,109,153		1,381,120		2,240,887	62%	859,767
Commissions	28,535	30,375		59,413		47,157		61,000		62,500	2%	1,500
Administrative Fees	0	0		0		0		0		0	0%	0
Parking Fees	665,414	744,048		677,127		575,297		953,000		1,380,000	45%	427,000
Reimbursed Services	317,312	351,859		350,132		187,935		315,804		408,100	29%	92,296
Miscellaneous Charges for Svc	81,571	127,288		39,371		21,478		188,000		200,000	6%	12,000
<i>Interest Earnings</i>												
Interest on Investments	267,068	247,043		334,536		224,492		99,845		102,000	2%	2,155
<i>Miscellaneous Revenue</i>												
Financing Transaction	0	0		(35,454)		(783)		0		0	0%	0
Sale of Fixed Assets	0	0		11,500		15,000		0		0	0%	0
Miscellaneous Revenue	(15,618)	(26,667)		15,481		6,503		77,000		100,000	30%	23,000
<i>Fund Equity Transfers</i>												
<i>Transfer of Resources</i>												
* from General Fund	0	0		81,000		39,000		26,000		0	-100%	(26,000)
* from Convention Center Project Capital Fund	0	0		0		0		60,000		0	-100%	(60,000)
<i>Intra-Fund Clearing Transfer</i>												
<i>Intra-Fund Clearing Transfer</i>												
* to MERC Administration	0	(1,237,194)		(539,387)		(534,328)		(576,443)		(570,690)	-1%	5,753
<i>Internal Service Transfers</i>												
<i>Transfer for Direct Costs</i>												
* from Convention Center Project Capital Fund	0	0		0		87,966		0		0	0%	0
TOTAL RESOURCES	\$19,283,369	\$19,072,110		\$24,961,831		\$22,129,940		\$24,932,835		\$24,009,471	-4%	(\$923,364)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Oregon Convention Center												
<u>Requirements</u>												
<i>Personal Services</i>												
<i>Salaries & Wages</i>												
Reg Employees-Full Time-Exempt	1,131,311	1,211,870	26.35	1,259,768	28.10	1,320,945	33.70	1,561,258	32.67	1,807,721	16%	246,463
Reg Empl-Full Time-Non-Exempt	1,931,406	2,002,015	66.95	2,086,015	67.95	2,143,893	98.10	2,800,691	87.95	3,010,576	7%	209,885
Regular Employees Part Time Exempt	0	0		992		0		0		0	0%	0
Regular Employees Part Time Non-Exempt	81,614	5,240		17,830		18,662		0		0	0%	0
Temporary Employees	6,348	413		1,295		3,831		0		0	0%	0
Part-Time, Non-Reimbursed Labor	80,211	137,295		109,298		150,890		128,816		190,026	48%	61,210
Part-Time, Reimbursed Labor	272,106	330,870		334,702		190,922		308,149		318,566	3%	10,417
Overtime	74,636	74,408		64,350		36,508		67,782		65,486	-3%	(2,296)
Merit/Bonus Pay	0	0		0		0		195,093		196,044	0%	951
<i>Fringe Benefits</i>												
Fringe Benefits	1,227,171	1,320,830		1,367,526		1,438,739		1,821,455		2,219,774	22%	398,319
TOTAL PERSONAL SERVICES	\$4,804,803	\$5,082,941	93.30	\$5,241,776	96.05	\$5,304,390	131.80	\$6,883,244	120.62	\$7,808,193	13%	\$924,949

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Oregon Convention Center												
<u>Requirements</u>												
<u>Materials and Services</u>												
<i>Goods</i>												
Office Supplies	57,916	51,317		82,795		81,259		153,598		136,044	-11%	(17,554)
Operating Supplies	206,803	168,308		109,233		87,728		150,215		134,350	-11%	(15,865)
Subscriptions and Dues	14,045	11,679		9,939		14,455		17,958		18,732	4%	774
Fuels and Lubricants	1,984	1,847		2,158		6,279		5,600		6,200	11%	600
Maintenance & Repairs Supplies	160,547	184,716		128,279		86,430		168,300		161,900	-4%	(6,400)
Purchasing Card Expenditures	0	297		3,798		1,796		0		0	0%	0
Food	0	6,525		0		0		0		0	0%	0
Retail	14,740	13,242		21,125		20,268		20,000		15,000	-25%	(5,000)
0												
<i>Services</i>												
Contracted Professional Svcs	2,783,170	2,374,299		2,712,169		2,496,211		2,633,076		2,622,826	0%	(10,250)
VDI Money to POVA	0	0		0		350,000		360,500		371,315	3%	10,815
Marketing Expense	0	0		5,789		600		0		0	0%	0
Contracted Property Services	0	0		13,000		1,807		0		0	0%	0
Utility Services	648,272	625,881		614,590		702,118		875,900		1,177,530	34%	301,630
Cleaning Services	372	1,953		402		1,086		500		1,950	290%	1,450
Maintenance & Repair Services	169,568	175,654		174,617		147,813		232,660		170,040	-27%	(62,620)
Rentals	139,436	140,647		143,395		150,104		166,505		178,905	7%	12,400
Insurance	142,681	146,961		0		0		0		0	0%	0
Other Purchased Services	220,378	180,710		176,343		176,962		628,614		295,020	-53%	(333,594)
Operations Contracts	3,429,736	4,048,152		4,159,033		3,627,274		4,234,339		4,816,994	14%	582,655
<i>Intergov't Expenditures</i>												
Payments to Other Agencies	6,476	23,546		13,525		24,578		46,700		47,500	2%	800
Assessments												
Taxes (Non-Payroll)												
Election Expenses	137,849	(6,000)		0		0		0		0	0%	0
<i>Internal Charges for Services</i>												
Charges for Services	0	384,258		0		0		0		0	0%	0
0												
<i>Other Expenditures</i>												
Travel	25,460	37,425		38,939		40,292		66,480		63,360	-5%	(3,120)
Staff Development	33,435	47,339		47,378		31,215		67,510		52,545	-22%	(14,965)
Miscellaneous Expenditures	43,447	49,658		59,813		36,819		35,190		21,465	-39%	(13,725)
<i>GAAP Account</i>												
Bad Debt Expense	437	(4,495)		9,691		5,126		1,000		3,250	225%	2,250
TOTAL MATERIALS AND SERVICES	\$8,236,752	\$8,663,919		\$8,526,011		\$8,090,220		\$9,864,645		\$10,294,926	4%	\$430,281

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03	FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Oregon Convention Center												
<u>Requirements</u>												
<i>Debt Service</i>												
<i>Capital Lease Payments</i>												
Capital Lease Payments-Principal	2,699	3,020		527		507		205,588		0	-100%	(205,588)
Capital Lease Payments-Interest	600	279		0		0		7,455		0	-100%	(7,455)
<i>Loan Payments</i>												
Loan Payments-Principal	0	0		0		0		0		10,280	100%	10,280
Loan Payments-Interest	0	0		0		0		0		12,529	100%	12,529
TOTAL DEBT SERVICE	\$3,299	\$3,299		\$527		\$507		\$213,043		\$22,809	-89%	(\$190,234)
<i>Capital Outlay</i>												
<i>Capital Outlay (Non-CIP Projects)</i>												
Improve-Oth thn Bldg (non-CIP)	0	11,530		0		0		0		0	0%	0
Buildings & Related (non-CIP)	104,901	140,661		0		0		0		0	0%	0
Exhibits and Related (non-CIP)	10,068	0		18,444		0		0		0	0%	0
Equipment & Vehicles (non-CIP)	72,570	0		81,967		0		0		0	0%	0
Office Furn & Equip (non-CIP)	15,479	100,458		0		0		0		0	0%	0
<i>Capital Outlay (CIP Projects)</i>												
Improve-Oth thn Bldg (CIP)	0	0		0		0		0		0	0%	0
Buildings & Related (CIP)	158,192	13,698		94,408		0		0		0	0%	0
Exhibits and Related (CIP)	0	0		0		0		0		0	0%	0
Equipment & Vehicles (CIP)	0	57,830		72,871		0		0		0	0%	0
TOTAL CAPITAL OUTLAY	\$361,210	\$324,177		\$267,690		\$0		\$0		\$0	0%	\$0
TOTAL OPERATING REQUIREMENTS	\$13,406,064	\$14,074,336		\$14,036,004		\$13,395,117		\$16,960,932		\$18,125,928	7%	\$1,164,996

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03	FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Oregon Convention Center												
<u>Requirements</u>												
<i>Interfund Transfers</i>												
<i>Internal Service Transfers</i>												
Transfer for Indirect Costs												
* to Support Services Fund	0	0		707,692		786,211		745,726		986,076	32%	240,350
* to General Fund	0	0		0		0		55,562		58,440	5%	2,878
* to Risk Management Fund - Liability	0	0		59,451		71,721		109,322		163,983	50%	54,661
* to Risk Management Fund - Workers Comp.	0	0		32,066		35,088		38,033		57,050	50%	19,017
Total Metro Support Costs	0	0		799,209		893,020		948,643		1,265,549	33%	316,906
<i>Fund Equity Transfers</i>												
Transfer of Resources												
* to MERC Pooled Capital	0	0		0		170,891		1,787,200		153,580	-91%	(1,633,620)
* to Convention Center Project Capital Fund	0	0		712,798		0		0		0	0%	0
TOTAL INTERFUND TRANSFERS	\$0	\$0		\$1,512,007		\$1,063,911		\$2,735,843		\$1,419,129	-48%	(\$1,316,714)
<i>Contingency</i>												
Contingency	0	0		0		0		743,273		725,037	-2%	(18,236)
<i>Unappropriated Fund Balance</i>												
Unappropriated Fund Balance	5,877,305	4,997,774		9,413,820		7,670,912		4,492,787		3,739,377	-17%	(753,410)
TOTAL CONTINGENCY/ENDING BALANC	\$5,877,305	\$4,997,774		\$9,413,820		\$7,670,912		\$5,236,060		\$4,464,414	-15%	(\$771,646)
TOTAL REQUIREMENTS	\$19,283,369	\$19,072,110		\$24,961,831		\$22,129,940		\$24,932,835		\$24,009,471	-4%	(\$923,364)
	\$0	\$0		\$0		\$0		\$0		(\$0)		

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04

Oregon Convention Center

Change in Fund Balance

NET CASH FLOW	(\$527,062)	(\$895,967)		\$4,416,048		(\$1,742,915)		(\$3,091,323)		(\$635,586)	-79%	\$2,455,737
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Excise Tax Generation

Revenue (Charges for Service)						7,279,209		10,729,731		13,028,027	21%	2,298,296
Gross Revenue (Charges for Service)						7,825,150		11,534,461		14,005,129	21%	2,470,668
TOTAL EXCISE TAX GENERATION ESTIM	\$642,294	\$742,217		\$717,355		\$545,941		\$804,730		\$977,102	21%	\$172,372

Date: November 15, 2002

To: Mark B. Williams, MERC General Manger

From: Robyn Williams, PCPA Executive Director

Re: FY 2003-2004 Proposed Budget Memo of Transmittal

The staff of the Portland Center for the Performing Arts submits for your review the proposed budget for fiscal year 2003-2004. The proposed budget reflects anticipated adjustments in both resources and expenditures based on the business level estimates we can project at this early date. The budget also reflects the goals and strategies of the PCPA strategic plan to the extent that resources in FY'04 are projected to be available. If business levels grow beyond those projected then strategies requiring additional funding can be brought on-line at that time. The proposed '04 budget reflects a positive net cash flow of \$758.

Resources

Major resources of revenues for PCPA include Rental, Food Service, User Fees, Ticket Commissions and Hotel/Motel Tax. With the exception of the Lodging Tax, these revenues are event driven and therefore highly dependent on the number and type of event (Commercial/Non-profit/Resident Company) and attendance. We anticipate business levels to be below those of FY'03 due to the lack of a blockbuster Broadway Musical and the lack of strong touring Broadway productions. We project resident company attendance to be flat and that commercial business will be comparable to that in FY'01.

- Rental

FY'04 rentals are projected at \$1,100,000-an increase of 1.71%. This increase is due in large part to CPI increases on rent implemented as part of the strategic plan goal to attain and maintain financial stability.

- Food Service

Food service is projected at \$1,077,000-no increase over FY'03. In spite of a projected decrease in events from '03, new food service initiatives begun in '03 are anticipated to increase overall revenues in '04. These initiatives include a pasta bar at Keller Auditorium, more aggressive catering initiatives and allowing beverages into the theaters for certain events. These initiatives were developed as part of the strategic plan goals to attain and maintain financial stability and enhance customer service and the theater going experience of patrons.

- User Fees

User fees are projected at \$930,000-an increase of almost 13% over FY'03. In spite of lower projected attendance compared to the prior year, an increase is anticipated due to a \$.50 increase in the user fees of the resident companies that will be implemented as part of the strategic plan goal to attain and maintain financial stability.

- Ticket Commissions

Ticket commissions will exceed '03 budget by more than 90%. This is due to the '03 budget reflecting essentially no box office services. In mid FY'02, it was determined that a downsized, restructured box office might be able to operate at break even or better. This was tested during the holiday season, deemed to be successful, so the re-organized box office opened in Feb. '02. Evaluating Ticket Services to determine the course of ticketing services for the future was part of the PCPA strategic plan goal to provide the best performing arts experience and customer service for patrons, resident companies and other facility users. Its current profitability also helps meet the goal to attain and maintain financial stability.

- Hotel/Motel Tax

Lodging tax receipts are expected to come in at FY'02 levels due to the downturns in the hospitality industry suffered as a result of 9/11 and the economy. The proposed budget figure of \$1,207,546 is almost 8% below that which was budgeted in FY'03. Lodging and Car Rental taxes associated with the VDI initiative is expected to grow by CPI.

Requirements

Requirements consist of Personal Services, Materials and Services and Interfund Transfers (MERC and Metro allocations). Requirements reflect an increase of approximately 7% over FY03 Budgeted.

- Personnel Services

Proposed budget reflects an increase of almost 13% over '03. This is due to FY 03 fringe benefits projected costs understated. In addition, adding back 1 full time and several part time box office staff that were not included in the '03 budget, increases in staff salaries as the result of the class comp/reclassification study and fringe calculations that have previously been under budgeted-due to the larger than anticipated number of part time event employees in the PERS system.

- Materials and Services

Materials and services are projected to come in below the '03 budget by more than 3%. This is due to energy savings initiatives resulting in lower energy consumption as well as more work being done in-house VS contracting. Staff Training and development funds have been increased in response to the strategic plan goal and strategy to develop the acumen of managers, recognize staff contributions and develop staff proficiency in customer service, team building, communications, facility knowledge and operational efficiencies.

- Interfund Transfers

MERC Administrative costs are projected at \$373,000-a decrease of almost 6% over FY'03. This is the result of staff cuts and reorganizations within MERC as it responds to the revenue shortfalls being experienced by the facilities as the result of 9/11 and the economy.

Metro support costs are up approximately 14% over FY'03. This is due to increases in risk management, liability and workers comp.

Division Overview

Fiscal Year 2003-04

Division Mission Statement

Provide superior, responsibly managed performance spaces that foster an environment in which diverse performing arts, events and audiences may flourish.

Division Profile

The PCPA is comprised of three buildings with four theaters. These are: the Arlene Schnitzer Concert Hall (an historic 1928 vaudeville/movie house-restored in 1984), Keller Auditorium (formerly the "Civic" Auditorium, built in 1917 and modernized in 1968) and the Newmark and Winningstad Theaters (housed in the soon to be named New Theater Building, built and opened in 1987). In 2000, Brunish Hall, a previously unfinished space in the New Theater Building, was completed and opened.

PCPA facilities are used predominantly by a diverse group of arts and entertainment organizations which consist of commercial promoters, non-profit arts presenters and producers and resident companies-the primary tenants who produce theater, symphony, ballet, opera and children's programming.

During the 1990's, PCPA faced difficulty meeting the working capital requirements of normal operations and developed significant deferred capital maintenance. By the end of the decade, it had implemented a series of cost cutting and revenue development measures that stabilized operating loss and allowed a moderate growth in its fund balance. However, by the dawn of 2000, revenues plateaued and a series of asset failures raised concerns about the long-term fiscal health of the Center.

In June 2000, PCPA commissioned a benchmark study to compare the center's operating practices and results with five comparable performing arts centers across the country. The study results showed that PCPA overhead expenses are comparable, or lower, than other performing arts centers of similar size, activity and market make-up. Earned revenue generation was lower than the other centers.

It was apparent by fall 2000 that due to declining revenues, PCPA had to take immediate action or face possible bankruptcy within two to three years. As a result, the box office operation was eliminated in July 2001, with multiple employees laid off. The savings generated by that cutback combined with the additional public funding from the Visitors Development Initiative that MERC successfully advocated for to support PCPA, should allow the center to break even during the current fiscal year if other revenue projections are met.

For the moment, PCPA can take the time to reflect on its mission and past successes and begin work with its primary tenant partners to build towards a more financially secure, mutually beneficial future.

Funding is expected to be an ongoing problem for most arts organizations. New funding sources will be difficult to find. Drops in subscription sales and a higher rate of single ticket purchases means less up-front money in the bank.

Broadway blockbusters and "mega shows" which have been a good revenue source for many performing arts centers and arts organizations are on the wane. Fewer shows are being produced. Costs are escalating to the point that smaller markets may be by-passed. Family shows are growing in popularity as parents seek leisure activities to share with their children, but these shows are extremely price sensitive.

Ease and convenience of attending a performance will continue to grow as a response to the hectic work lives of many adults. The "theater going experience" will become increasingly more important to patrons.

Division Overview

Fiscal Year 2003-04

New facility needs and wants are beginning to surface. Numerous and differing discussions are beginning to take place. Whether or not PCPA is deemed an active participant in these facilities should not preclude PCPA's involvement in the discussions considering its current role in performing arts facility management and the impact such decisions may have on PCPA's future.

Major Accomplishments

Continue to provide the very best performing arts experience and customer service for patrons, artists, resident companies and other facility users.

- Provided customer service that is unequalled in the industry. Customer service surveys sent to all lessees. Ninety eight percent of all surveys reflected ratings of excellent. Follow-up on areas where service was not 100%. Continued development and implementation of "Moments of Magic" customer service program.
- Evaluated Ticketing Services operation. Took over operation of POVA's Ticket Central when POVA lost its funding to support this box office. Under PCPA's ticketing agreement, this box office is anticipated to operate at a profit.
- Developed and implement strategic plan for bar and catering operation. Reorganized staffing in order to increase sales efforts and better food quality. Addition pasta bar at Keller Auditorium. Enhanced food and beverage offerings such as a premium wine bar at all 3 buildings and offering biscotti at the coffee bars and rocking chairs placed in the lobby areas for the enjoyment of patrons.
- Reviewed front-of-house operation for ways to maximize customer service and patron services. Re-signed patron drop off areas for better visibility and revised evacuation plan to better address the needs of patrons with disabilities.
- Developed and implement ideas that enhance the "theater-going experience". Initiatives in FY03 will include new women's restrooms at Keller. In addition, continued the relationship with the NW Sculpture Society to provide revolving sculpture exhibits in the NTB lobby.
- Assessed pre-paid transit opportunities with city and Tri-Met for patrons. Tri-met has determined the pre-paid option unlikely for the Keller and Schnitzer. Options are being explored for the NTB, but Tri-met is doubtful that the numbers will be substantial enough to make this program desirable. PCPA has worked with Tri-met to provide a lower cost annual all-zone transit pass for employees. While the employee must pay for the pass, PCPA has set up a payroll deduction plan to make it easier to purchase, plus the cost is less than half of a regular annual pass.
- Worked with primary users to attract new audiences. One initiative in FY03 was the "Grandma Rocks the Park Block" collaboration with the Portland Farmers Market. Resident companies decorated rocking chairs and staffed tables promoting their upcoming seasons to attendees of the Wednesday farmers market.
- Assessed opportunities for the use of Main Street. In FY03, collaborations initiated with the Portland Farmers Market and Portland Arts Museum. Temporary tenting was designed to compliment the architecture of the nearby theaters. A programming brainstorming meeting with cultural district stakeholders and other creative types was scheduled for the end of October 2002 and extensive programming is expected to begin in the spring of 03.

Assume a leadership role in performing arts advocacy.

- Developed public relations plan and implement initiatives:
- Opened PCPA facilities on several occasions to the arts community for educational and informational meetings hosted by RACC, the Oregon Arts Commission and the Oregon Cultural Trust.
- Continued to support resident companies in educational initiatives:
- PCPA Executive Director took part in several Oregon Arts Commission events and has been recommended to participate on the Multnomah County Cultural Coalition Planning Committee. She is also participating on RACC's Public Funding Steering Committee.

Division Overview

Fiscal Year 2003-04

Maintain facilities, systems and equipment in optimal condition and operate the facilities in an efficient and effective manner.

- Updated PCPA's 20-year capital maintenance and equipment replacement plan and budget.
- Updated fixed asset inventory.

Attain and maintain long-term financial stability.

- Establishing a minimum operational fund balance equal to six months total expenditures. As the result of action taken by the commission in FY 02, an increase of \$.50 in the user fees of the resident companies is implemented. Rental rates continue to increase by CPI. These are the first steps in moving towards the strategy of establishing a minimal operational fund balance equal to six months total expenditures. All rates and fees are reviewed annually prior to the beginning of the arts season to insure profit margins are maintained.

Manage facilities to maintain optimum mix of business.

- Brunish Hall renovations in FY 03 to improved acoustical and sound isolation issues should allow maximum use of the space.

Maintain a supportive work environment to recruit, train and retain professional, competent staff and volunteers.

- Developed the business knowledge and acumen of department managers. Staff took part in a number of industry meetings and training in order to build and strengthen their skills. These included: Lighting Dimensions International, International Crowd Management Seminar, Public Assembly Facility Management School, Performing Arts Facility Administrators Seminar, City of Portland's Supervisory Training Course and a number of computer software usage programs.
- Developed a high level of staff proficiency in customer service, team building, communications, facility knowledge and operational efficiencies. Staff made extensive use of MERC's Career Development program which provided funding for the training mentioned in "E" above. PFP reviews continue to identify training needs for each staff member.
- Sought ways to attract and retain volunteers in order to grow the volunteer force. This is an on-going initiative. In FY03, a power point presentation and speakers bureau was developed to promote the volunteer program.

Achieve operational effectiveness and efficiencies by keeping pace with technological advances.

- Optimized Concentrics software use throughout the organization.
- Created and implement a technology plan. The plan will be created in FY03 with implementation to follow.

Major Objectives

Provide the very best performing arts experience and customer service for patrons, artists, resident companies and other facility users.

- Fund staff training and educational materials to insure that PCPA staff are well equipped to provide benchmark levels of customer service.
- Fund staff development and training at all levels of the organization is included for the first time in the FY04 budget.
- Provide adequate funding for Ticket Service operations for new and ongoing initiatives such as group sales, gift certificate marketing, and season subscription services in order to better customer service and enhance revenue. Funds provide for attendance at industry meetings so staff can gather information on the latest initiatives in box office operations in order to be a cost efficient and revenue enhancing operation.

Division Overview

Fiscal Year 2003-04

- Implement several initiatives expected to grow revenues-IE: bringing food service preparation in-house, internal marketing efforts, local business promotions, allowing water/beverages in the theater for certain events in order to raise per-capita spending, etc. Develop food and beverage proforma to reflect additional activity/revenue generation on Main Street.
- If business levels improve over that which is projected, materials that focus on a PR plan specific to PCPA will be funded.

Seek ways to develop and strengthen relationship with the arts community.

- Continue to support resident companies in educational initiatives such as the summer arts camps as well as offering the facility free of charge for RACC meetings and educational sessions.
- Funding to maintain the facilities at an optimal level is provided for in this budget. This includes monies for maintenance contracts and supplies as well as staff training. Funds are also set aside for unexpected repairs that regularly occur with aging facilities.

Maintain facilities, systems and equipment in optimal condition and operate facilities in an efficient and effective manner.

- Seek energy savings through new energy efficient starter motors for the chillers have been budgeted as part of PCPA's on-going efforts to reduce energy consumption.

Division Overview

Fiscal Year 2003-04

Performance Measures

FISCAL YEAR	# EVENTS	ATTENDANCE
2000-2001	920	1,090,000
2001-2002	928	861,767
2002-2003	1044	914,000
2003-2004	990	900,000

Division Overview

Fiscal Year 2003-04

Budget Summary

Resources		<u>FY 2003-04</u>
Beginning Fund Balance (estimated)		\$2,446,994
Hotel/Motel Taxes		
Original rate	\$1,207,546	
VDI related rate	531,000	1,738,546
Government Contribution (City of Portland)		324,635
Charge for Services		
User Fees	930,000	
Rentals	1,100,000	
Food Services	1,077,000	
Merchandising	80,000	
Utility Services	10,000	
Commissions	416,000	
Reimbursement Labor	1,714,641	
Miscellaneous Charges for Services	75,000	5,402,641
Other		
Interest	48,940	
MERC Support Services	(373,143)	(324,203)
Total Resources		<u>\$9,588,613</u>
Requirements		
Personal Services		
Salaries and Wages	\$3,240,965	
Fringe Benefits	992,902	4,233,867
Materials and Services		
Goods	255,373	
Services	1,834,037	
Intergovernmental Expenditures	11,500	
Other Expenditures	76,720	2,177,630
Interfund Transfers		
Transfer for Indirect Costs		729,365
Contingency		256,460
Unappropriated Fund Balance		2,191,291
Total Requirements		<u>\$9,588,613</u>
Full-Time Equivalent Staffing		
Salaries - Regular Full-Time	11.64	
Wages - Regular Full-Time	11.95	
Total FTE		<u>23.59</u>

Resource Detail and Analysis

Fiscal Year 2003-04

BEGINNING FUND BALANCE

Beginning Fund Balance		\$2,446,994
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LOCAL GOVERNMENT SHARE REVENUES

4130	Hotel/Motel Tax	\$1,738,546
	Original tax	\$1,207,546
	VDI related tax	531,000

CONTRIBUTIONS FROM GOVERNMENT

4145	Government Contributions	\$324,635
	City of Portland contribution to offset userfee subsidy	\$324,635

CHARGE FOR SERVICES

4500	Admission Fee's	\$930,000
	120 User Fee's	\$930,000
4510	Rentals	\$1,100,000
	141 Buildings/Rooms	\$1,100,000
4550	Food Service Revenue	\$1,077,000
4570	Merchandising	\$80,000
4580	Utility Services	\$10,000
4590	Commissions	\$416,000
	3032 Commissions	\$405,000
	ATM Charges	11,000
4645	Reimbursed Services	\$1,714,641
4650	Misc Charges for Services	\$75,000

INTEREST EARNINGS

4700	Interest on Investment	\$48,940
	FY 2002-03 average fund balance at a 2% earning rate	\$48,940

INTRA-FUND CLEARING TRANSFER

4990	Intra - Fund Clearing Transfer	(\$373,143)
	MERC Administration	(\$153,647)

Total Resources		\$9,588,613
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Resource Detail and Analysis

Fiscal Year 2003-04

Beginning Fund Balance:	increased \$282,000 based upon budgeted FY 03 cash flow plus contingency.
Hotel/Motel Taxes:	decreased \$103,000 due to downturns in the hospitality industry suffered as a result of 9/11 and the economy
User Fees:	increased \$110,000 due to a \$.50 increase in the user fee for resident companies
Commissions:	increased \$198,000 due to operating a reconfigure box office services. In FY 03 budget there is no box office service.
Reimbursed Services:	increased \$123,000 to accommodate unbudgeted reimbursed services

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

5010	Salaries - Regular Full-time	11.64	\$609,975
	Admissions Staffing Manager (Allocated)	0.55	\$25,013
	Asst. Event Svcs Mgr	1.00	55,030
	Asst. Operations Mgr. (Allocated)	0.50	28,890
	Booking and Sales Mgr	1.00	60,533
	Booking Coordinator	1.00	50,027
	Building Maintenance Supervisor (Allocated)	0.50	22,470
	Event Services Manager	1.00	60,533
	IT Supervisor (Allocated)	0.34	28,814
	Operations Account Coord. (Allocated)	0.70	25,466
	Operations Manager II (Allocated)	0.25	16,853
	PCPA Director (Allocated)	0.75	71,624
	Security Manager (Allocated)	0.05	2,752
	Stage Supervisor	1.00	37,718
	Ticket Services Coordinator	1.00	38,640
	Ticket Services Supervisor	1.00	46,972
	Volunteer Coordinator	1.00	38,640
5015	Wages - Regular Full-Time	11.95	\$447,604
	Administrative Technician (Allocated)	0.80	\$24,626
	Administrative Assistant	2.00	68,165
	Facility Security Agent	1.00	33,717
	Lead Electrician (Allocated)	0.50	30,495
	Clerk II (Allocated)	0.80	24,910
	Operating Engineer	1.00	50,825
	Operation Coordinator	3.00	128,400
	Secretary	1.00	26,541
	Stagedoor Security	1.00	32,100
	Utility Technician (Allocated)	0.85	27,825
5025	Wages - Part-Time Regular Employees		\$35,099
5043	Wages - Part-Time Non-Reimbursed Labor		\$435,250
5045	Wages - Part-Time Reimbursed Labor		\$1,574,641
5080	Overtime		\$69,675
5089	Merit Based Compensation		\$68,721
	7% of Regular Full-Time Non-represented Salaries and Wages including Overtime		
5100	Fringe Benefits		\$992,902
	Fringe Benefits		\$951,835
527	Unemployment Expense		41,067
Total Personal Services		23.59	\$4,233,867

Expenditure Detail and Analysis

Fiscal Year 2003-04

Materials and Services

GOODS

5201	Office Supplies		\$51,510
		Office Supplies	\$20,000
	600	Computer Software	5,900
	602	Postage	20,000
	603	Meeting Expense	5,610
5205	Operating Supplies		\$77,988
	611	Custodial	\$50,000
	618	Small Tools	7,533
	619	Promotion Supplies	1,750
	620	Other	18,705
5210	Subscriptions & Dues		\$3,675
		Subscription and dues	\$625
	625	Subscriptions & Publications	600
	626	Dues	2,450
5214	Fuels & Lubricants		\$500
5215	Maintenance & Repairs Supplies		\$110,700
	631	Building	\$50,000
	634	Grounds	700
	636	Equipment	25,000
	637	Show Services	35,000
5225	Retail		\$11,000

SERVICES

5240	Contracted Professional Services		\$22,200
		Contracted Professional Services	\$22,000
	652	Promotion/Public Relations	200
5251	Utility Services		\$600,106
	660	Electricity	\$279,564
	661	Water/Sewer	82,000
	662	Natural Gas	130,000
	664	Sanitation	35,000
	665	Telecommunications	73,542
5260	Maintenance & Repair Services		\$187,596
	631	Building	\$70,000
	632	HVAC	30,000
	634	Grounds	7,500
	635	Vehicles	76,596
	636	Equipment	3,500

Expenditure Detail and Analysis

Fiscal Year 2003-04

5265		Rentals	\$181,820
	670	Equipment	\$23,320
	671	Land and Building Rental	148,500
	672	Operating Leases	10,000
5280		Other Purchased Services	\$70,497
		Other Purchased Services	\$2,200
	680	Advertising	10,828
	681	Printing	12,240
	682	Typesetting/Reprographics	1,750
	683	Delivery Services	1,750
	685	Temporary Help	27,185
	686	Uniform Cleaning	14,544
5290		Operations Contracts	\$771,818

Intergovernmental Expenditures

5300		Payments to Other Agencies	\$11,500
		Pymts to Other Agencies	\$5,000
	700	Licenses & Permits	6,500

Other Expenditures

5450		Travel	\$21,700
		Travel	\$21,200
	760	Mileage Reimbursement	500
5455		Staff Development	\$10,120
5490		Misc Expenditures	\$24,900
		Miscellaneous Expenditures	\$13,900
	740	Promotion	11,000
5520		Bad Dept Expense	\$20,000
Total Materials & Services			\$2,177,630

Interfund Transfers

Internal Service Transfers

5800		Transfer for Indirect Costs	\$729,365
		Support Services Fund	\$541,162
		General Fund	39,354
		Risk Management Fund - Liability	110,429
		Risk Management Fund - Workers Comp	38,420
Total Interfund Transfers			\$729,365

Expenditure Detail and Analysis

Fiscal Year 2003-04

Contingency and Ending Balance

Contingency

5999	Contingency	\$256,460
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Unappropriated Fund Balance

5990	Unappropriated Ending Fund Balance	\$2,191,291
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Total Contingency and Ending Balance		\$2,447,751
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TOTAL REQUIREMENTS		\$9,588,613
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Expenditure Detail and Analysis

Fiscal Year 2003-04

FTE Changes from FY 2002-03

		FY 2002-03	FY 2003-04	Change
5010	Salaries - Regular Full-time	2.11	4.64	2.53
	Admissions Staffing Manager (Allocated)	0.60	0.55	(0.05)
	Booking Coordinator	0.00	1.00	1.00
	IT Supervisor (Allocated)	0.00	0.34	0.34
	PCPA Director (Allocated)	0.76	0.75	(0.01)
	Stage Supervisor	0.75	1.00	0.25
	Ticket Services Coordinator	0.00	1.00	1.00
5015	Wages - Regular Full-Time	6.70	3.80	(2.90)
	Administrative Assistant	1.00	2.00	1.00
	Administrative Secretary	1.00	-	(1.00)
	Booking Coordinator	2.00	-	(2.00)
	Clerk II (Allocated)	1.00	0.80	(0.20)
	Receptionist	1.00	-	(1.00)
	Secretary	0.70	1.00	0.30

Admissions Staffing Manager changes reflect reallocation
 IT Supervisor reflects allocation of new position.
 PCPA Director change reflects reallocation
 Stage Supervisor change reflects reallocation

Booking Coordinator appropriately reclassified as a Non-Exempt. One
 Booking Coordinator position reclassified to Ticket Services Coordinator.

Clerk II change reflect reallocation.
 Secretary change reflects reallocation

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services:	increased 492,000 due to FY 03 projected fringe cost understated
Materials and Services:	
Utility Services:	decreased \$36,000 due to energy savings initiative
Operating Contracts:	decreased \$58,000 represents food and beverage provider reorganization to increase sales efforts
Debt Service:	decreased \$85,000 reflects payoff of Streetcar LID assessment in prior year
Transfer for Indirect Costs	increased \$90,000 due to increase Metro support costs

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Budget	02/03 vs 03/04	02/03 vs 03/04
Portland Center for the Performing Arts								
<i>Resources</i>								
<i>Beginning Fund Balance</i>								
* Prior year adjustment	0	3,282		0		0	0.00%	-
* Portland Center for the Performing Arts	2,701,837	3,094,065		2,188,892	2,112,647	2,164,804	13.04%	282,190
<i>Grants</i>								
Local Grants - Indirect	0	0		7,280	12,725	0	0.00%	-
<i>Local Gov't Share Revenues</i>								
Hotel/Motel Tax	1,248,000	1,260,700		1,300,160	1,210,000	1,311,190	-7.90%	(103,644)
VDI outlined in IGA				250,000	500,000	516,000	2.91%	15,000
<i>Contributions from Governments</i>								
Government Contributions	600,000	600,000		600,000	300,000	315,180	3.00%	9,455
<i>Charges for Service</i>								
Admission Fees	736,134	789,429		657,520	989,499	820,000	13.41%	110,000
Rentals	855,095	973,381		985,529	1,177,395	1,081,500	1.71%	18,500
Food Service Revenue	815,428	1,084,411		934,092	1,014,373	1,077,000	0.00%	-
Retail Sales	0	28		0	930		0	-
Merchandising	67,676	75,052		71,895	92,349	100,000	-20.00%	(20,000)
Utility Services	0	675		3,787	3,296	0	0.00%	10,000
Commissions	189,656	218,992		326,832	428,517	218,000	90.83%	198,000
Administrative Fees	44,060	72,998		33,120	1,200	0	0.00%	-
Reimbursed Services	1,343,509	1,466,829		1,522,094	1,674,670	1,591,200	7.76%	123,441
Miscellaneous Charges for Svc	94,531	78,998		59,224	57,191	130,000	-42.31%	(55,000)
<i>Interest Earnings</i>								
Interest on Investments	200,252	203,192		128,600	43,196	30,581	60.03%	18,359
<i>Contributions from Private Sources</i>								
Donations and Bequests	580,000	420,359		0	0		0.00%	-
<i>Miscellaneous Revenue</i>								
Financing Transaction	0	0		10,730	(38,971)	0	0.00%	-
Miscellaneous Revenue	(11,064)	3,144		79,877	24,460	0	0.00%	-
<i>Fund Equity Transfers</i>								
Transfer of Resources								
* from General Fund	125,000	0		51,000	25,500	17,000	-100.00%	(17,000)
<i>Intra-Fund Clearing Transfer</i>								
Intra-Fund Clearing Transfer								
* to MERC Administration	0	(782,714)		(370,553)	(375,000)	(395,498)	-5.65%	22,355
TOTAL RESOURCES	\$9,590,114	\$9,562,821		\$8,840,079	\$9,253,976	\$8,976,957	6.81%	\$611,656

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Portland Center for the Performing Arts												
<u>Requirements</u>												
<i>Personal Services</i>												
<i>Salaries & Wages</i>												
Reg Employees-Full Time-Exempt	804,662	802,721	19.15	881,136	10.05	692,495	8.11	451,762	11.64	609,975	35.02%	158,213
Reg Empl-Full Time-Non-Exempt	402,555	435,659	13.60	465,425	13.50	463,931	12.85	523,908	11.95	447,604	-14.56%	(76,304)
Regular Employees Part Time Non-Exempt	225,913	64,860		12,903		16,331		0		35,099	100.00%	35,099
Temporary Employees	19,637	19,136		21,830		31,951		0		0	0.00%	-
Part-Time, Non-Reimbursed Labor	192,074	392,113		405,572		400,781		503,417		435,250	-13.54%	(68,167)
Part-Time, Reimbursed Labor	1,186,679	1,319,528		1,337,719		1,465,641		1,594,237		1,574,641	-1.23%	(19,596)
Overtime	135,827	56,043		57,102		61,681		65,917		69,675	5.70%	3,758
Merit/Bonus Pay	0	0		0		0		60,774		68,721	13.08%	7,947
<i>Fringe Benefits</i>												
Fringe Benefits	793,007	815,455		907,447		876,258		541,135		992,902	83.49%	451,767
TOTAL PERSONAL SERVICES	\$3,760,354	\$3,905,515	32.75	\$4,089,134	23.55	\$4,009,069	20.96	\$3,741,150	23.59	\$4,233,866	13.17%	\$492,716

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Portland Center for the Performing Arts												
<u>Requirements</u>												
<u>Materials and Services</u>												
<i>Goods</i>												
Office Supplies	37,908	35,759		41,843		51,666		48,105		51,510	7.08%	3,405
Operating Supplies	100,370	111,177		71,456		63,239		81,853		77,988	-4.72%	(3,865)
Subscriptions and Dues	1,994	2,524		3,699		2,474		4,650		3,675	-20.97%	(975)
Fuels and Lubricants	73	72		54		81		200		500	150.00%	300
Maintenance & Repairs Supplies	78,349	70,411		100,755		121,329		110,700		110,700	0.00%	-
Purchasing Card Expenditures	0	0		4,068		2,693		0		0	0.00%	-
Food	0	274		0		0		0		0	0.00%	-
Retail	8,064	11,580		9,010		9,294		11,000		11,000	0.00%	-
<i>Services</i>												
Contracted Professional Svcs	256,823	63,752		48,655		30,980		37,900		22,200	-41.42%	(15,700)
Contracted Property Services	0	0		40		0		0		0	0.00%	-
Utility Services	447,678	459,072		460,330		507,196		636,352		600,106	-5.70%	(36,246)
Maintenance & Repair Services	152,871	178,257		170,100		191,111		175,766		187,596	6.73%	11,830
Rentals	113,644	132,583		152,233		146,819		172,330		181,820	5.51%	9,490
Insurance	90,663	92,975		0		0		0		0	0.00%	-
Other Purchased Services	72,204	78,984		73,948		52,177		77,309		70,497	-8.81%	(6,812)
Operations Contracts	638,799	827,212		844,821		907,100		830,000		771,818	-7.01%	(58,182)
<i>Intergov't Expenditures</i>												
Payments to Other Agencies	54,974	51,515		39,155		11,941		15,850		11,500	-27.44%	(4,350)
Assessments	0	0		0		83,512		0		0	0.00%	-
Taxes (Non-Payroll)	0	1,578		1,698		0		0		0	0.00%	-
Election Expenses												
<i>Internal Charges for Services</i>												
Charges for Services	0	245,304		0		0		0		0	0.00%	-
<i>Other Expenditures</i>												
Travel	1,253	1,092		9,472		15,313		14,300		21,700	51.75%	7,400
Staff Development	4,915	2,163		3,790		13,928		6,850		10,120	47.74%	3,270
Miscellaneous Expenditures	6,251	10,045		10,166		12,559		22,600		24,900	10.18%	2,300
<i>GAAP Account</i>												
Bad Debt Expense	984	719		480		38,792		0		20,000	100.00%	20,000
TOTAL MATERIALS AND SERVICES	\$2,067,817	\$2,377,048		\$2,045,773		\$2,262,204		\$2,245,765		\$2,177,630	-3.03%	(\$68,135)

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change	
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04	
Portland Center for the Performing Arts													
<u>Requirements</u>													
<u>Debt Service</u>													
<i>Capital Lease Payments</i>													
Capital Lease Payments-Principal	68,075	71,965		76,049		9,478		11,200			0	-100.00%	(11,200)
Capital Lease Payments-Interest	8,813	5,519		1,896		0		0			0		-
<i>Loan Payments</i>													
Loan Payments-Principal	0	0		0		0		83,512			0	-100.00%	(83,512)
Loan Payments-Interest	0	0		0		0		2,939			0	-100.00%	(2,939)
TOTAL DEBT SERVICE	\$76,888	\$77,484		\$77,945		\$9,478		\$97,651			\$0	-100.00%	(\$97,651)
<u>Capital Outlay</u>													
<i>Capital Outlay (Non-CIP Projects)</i>													
Buildings & Related (non-CIP)	122,636	161,052		0		0		0			0	0.00%	-
Equipment & Vehicles (non-CIP)	66,262	5,725		10,122		0		0			0	0.00%	-
Office Furn & Equip (non-CIP)	0	48		0		0		0			0	0.00%	-
<i>Capital Outlay (CIP Projects)</i>													
Buildings & Related (CIP)	182,682	777,192		322		0		0			0	0.00%	-
Equipment & Vehicles (CIP)	219,410	69,865		(1,359)		0		0			0	0.00%	-
TOTAL CAPITAL OUTLAY	\$590,990	\$1,013,882		\$9,085		\$0		\$0			\$0	0.00%	-
TOTAL OPERATING REQUIREMENTS	\$6,496,049	\$7,373,929		\$6,221,937		\$6,280,750		\$6,084,566			\$6,411,496	5.37%	\$326,930

MERC Operating Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	02/03 vs 03/04	02/03 vs 03/04
Portland Center for the Performing Arts								
<u>Requirements</u>								
<i>Interfund Transfers</i>								
<i>Internal Service Transfers</i>								
Transfer for Indirect Costs								
* to Support Services Fund	0	0	447,613	514,061	502,188	541,162	7.76%	38,974
* to General Fund	0	0	0	0	37,416	39,354	5.18%	1,938
* to Risk Management Fund - Liability	0	0	37,602	46,895	73,619	110,429	50.00%	36,810
* to Risk Management Fund - Workers Comp.	0	0	20,282	22,942	25,613	38,420	50.00%	12,807
Total Metro Support Costs	0	0	505,497	583,898	638,836	729,366	14.17%	90,530
<i>Fund Equity Transfers</i>								
Transfer of Resources								
* to MERC Pooled Capital	0	0	0	200,000	0	0	0.00%	-
TOTAL INTERFUND TRANSFERS	\$0	\$0	\$505,497	\$783,898	\$638,836	\$729,366	14.17%	\$90,530
<i>Contingency</i>								
Contingency	0	0	0	0	260,121	256,460	-1.41%	(3,661)
<i>Unappropriated Fund Balance</i>								
Unappropriated Fund Balance-Reserved	0	0	0	0	0	0	0.00%	-
Unappropriated Fund Balance	3,094,065	2,188,892	2,112,645	2,189,328	1,993,434	2,191,292	9.93%	197,858
TOTAL CONTINGENCY/ENDING BALANCE	\$3,094,065	\$2,188,892	\$2,112,645	\$2,189,328	\$2,253,555	\$2,447,752	8.62%	194,197
TOTAL REQUIREMENTS	\$9,590,114	\$9,562,821	\$8,840,079	\$9,253,976	\$8,976,957	\$9,588,613	6.81%	611,656

Change in Fund Balance

TOTAL NET CASH FLOW	\$392,228	(\$905,173)	(\$76,247)	\$76,681	\$88,751	\$758	-99.15%	(87,993)
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Date: November 14, 2002

To: Mark B. Williams, MERC General Manager

From: Bryant Enge, Director of Administration and CFO

Re: FY 2003-2004 Proposed Budget Memo of Transmittal

MERC staff submits for your review the MERC Pooled Capital Fund proposed budget for FY 04. The proposed budget reflects anticipated adjustments in both resources and expenditures based on MERC facilities renewal and replacement needs and one PCPA capital project.

The budget for the MERC Pooled Capital Fund for FY 2003-04, excluding ending fund balance and contingency, is approximately \$1.1 million, a decrease of about \$6 million from the FY 03 budget. This budget-to-budget decrease reflects completion of the OCC expansion project and PCPA planned CIP projects in FY 03.

Oregon Convention Center

OCC's capital improvement budget for FY 2003-04 is \$207,000. With the expansion project complete, including various upgrades and enhancements to the existing facility, OCC is not planning any capital projects or purchases. OCC's budget consists of renewal and replacement issues identified on its capital asset inventory report. OCC will fund these improvements from transfers from the OCC operating fund.

Portland Center for the Performing Arts

PCPA's capital improvement budget for FY 2003-04 is \$807,000. PCPA continues to improve, upgrade, and replace building elements, finishes, equipment, and instruments. PCPA's budget includes one CIP project, the Arlene Schnitzer Concert Hall-West Entry Remodel, and consists of renewal and replacement issues identified on its capital asset inventory report. PCPA will fund these improvements from private donations and its annual contributions from the city of Portland.

Portland Metropolitan Exposition Center

Expo's capital improvement budget for FY 2003-04 is \$91,000. Expo's budget consists of renewal and replacement issues identified on its capital asset inventory report. Expo will fund these improvements from transfers from the Expo operating fund.

Department Overview

Fiscal Year 2003-04

Division Mission Statement

The MERC Pooled Capital Fund budgets and accounts for those projects authorized and funded through MERC's capital planning process (The Capital Improvement Plan) that identified the mission, direction, and future facilities needs of all MERC facilities.

Division Profile

This fund was created in FY 1993-94 as a reserve fund for future major capital and replacement needs of The Oregon Convention Center (OCC) when the fund was originally established with the expectation that certain major renewal and replacement projects – such as carpet replacement – would take place. Ultimately many of these projects were deferred to coincide with the completion of the expansion project for the Convention Center.

Beginning in FY 98, Multnomah County revised its ordinance regulating the use of hotel/motel tax proceeds to provide for contributions to this fund capital projects at the MERC facilities, in specific instances (*transient lodging taxes flow into this fund after an annual increase in excess of 7%*). The fund was renamed in FY 99 to reflect its expanded scope to provide for the renewal and replacement for all MERC facilities. The existing fund balance at the beginning of FY 98 was earmarked for The Oregon Convention Center projects.

In FY 01, MERC began placing all PCPA dedicated capital funds in the MERC Pooled Capital Fund. These funds include donations and the city of Portland's annual contribution of \$300,000 adjusted annually by CPI. In addition, beginning FY 01 until all proceeds were expended in FY 03, PCPA received \$2 million in public funds dedicated to PCPA capital projects from the Oregon Convention Center expansion plan. Also, as part of an inter-governmental agreement with the City, the Civic Stadium ending fund balance was transferred to the MERC Pooled Capital Fund for future PCPA capital needs.

These funds are dedicated for PCPA capital needs and are not available for other purposes. The purpose of placing these funds in the MERC Pooled Capital Fund is so that the PCPA Division within the MERC Operating Fund will more accurately reflect operating results rather than the receipt and expenditure of restricted capital dollars from year-to-year. In addition, this change allows for more closely tracking the connection between revenues dedicated for capital needs and capital expenditures.

Beginning FY 2002-03 all capital related projects will be appropriated and accounted for in the MERC Pooled Capital Fund. This move was made to maintain the integrity of all operating functions.

Department Overview

Fiscal Year 2003-04

Budget Summary

		<u>FY 2003-04</u>
Resources		
Beginning Fund Balance (estimated)		\$184,661
Contributions from Government		315,180
Contributions from Private Sources		527,520
Transfer of Resources		
from Oregon Convention Center	153,580	
from Metropolitan Exposition Center	100,000	253,580
Total Resources		\$1,280,941
Requirements		
Personal Services		
Salaries and Wages	\$325,459	
Fringe Benefits	132,877	\$458,336
Materials and Services		
Goods		35,000
Capital Outlay		
Non-Capital Improvement Project	258,580	
Capital Improvement Project	300,000	558,580
Interfund Transfers		
Transfer for Indirect Costs		55,001
Contingency		42,077
Unappropriated Fund Balance		131,947
Total Requirements		\$1,280,941
Full-Time Equivalent Staffing		
Salaries - Regular Full-Time	4.30	
Wages - Regular Full-Time	1.45	
Total FTE		5.75

Resource Detail and Analysis

Fiscal Year 2003-04**BEGINNING FUND BALANCE**

Beginning Fund Balance	\$184,661
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CONTRIBUTIONS FROM GOVERNMENT

4145	Government Contributions	\$315,180
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CONTRIBUTIONS FROM PRIVATE SOURCES

4750	Donations and Bequests	\$527,520
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FUND EQUITY TRANSFERS

4970	Transfer of Resources	\$253,580
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* from MERC Operating - OCC	\$153,580
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* from MERC Operating - Expo Center	\$100,000
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Total Resources	\$1,280,941
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Resource Detail and Analysis

Fiscal Year 2003-04

Beginning Fund Balance:	decreased \$3.7 million based upon budgeted FY 03 cash flow plus contingency
Government Contributions:	decreased \$500,000 reflects fully expending reimbursement from city of Portland bond proceeds in FY 03
Donations and Bequest:	decreased \$294,000 due to timing of projects
Transfer of Resources:	decreased \$1.6 million reflects completion of OCC expansion in FY 03

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

5010	Salaries - Regular Full-time	4.30	\$264,023
	Capital Projects Assistant	1.00	\$50,027
	Construction/Capital Projects Manager	1.00	76,906
	PCPA Director	0.25	23,875
	PCPA Operations Manager	0.75	54,934
	PCPA Assistant Operations Manager	0.50	27,515
	PCPA Operations Accounting Coordinator	0.30	9,773
	PCPA Building Maintenance Supervisor	0.50	20,993
5015	Wages - Regular Full-Time	1.45	\$61,436
	PCPA Operations Secretary	0.30	\$7,912
	PCPA Lead Operating Engineer	1.00	48,614
	Utility Technician	0.15	4,910
5100	Fringe Benefits		\$132,877
Total Personal Services		5.75	\$458,336

Materials and Services

5215	Maintenance & Repairs Supplies		\$35,000
Total Materials & Services			\$35,000

Capital Outlay

Capital Outlay - Non-CIP Projects			\$258,580
	Improve - Other than Bldg (non-CIP)		\$31,000
	Buildings & Related (non-CIP)		133,580
	Exhibits & Related (non-CIP)		29,000
	Equipment & Vehicles (non-CIP)		50,000
	Office Furniture & Equipment (non-CIP)		15,000
Capital Outlay - CIP Projects			\$300,000
	Buildings & Related (CIP)		\$300,000
Total Capital Outlay			\$558,580

Interfund Transfers

5800	Transfer for Indirect Costs		\$55,001
	* to Support Services Fund		\$55,001
Total Interfund Transfers			\$55,001

Expenditure Detail and Analysis

Fiscal Year 2003-04

Contingency and Ending Balance

Contingency

5999	Contingency	\$42,077
Unappropriated Fund Balance		
5990	Unappropriated Ending Fund Balance	\$131,947
Total Contingency and Ending Balance		\$174,024
TOTAL REQUIREMENTS		\$1,280,941

Materials and Services:

M&R Supplies: decreased \$65,000 due to timing of projects

Capital Outlay: decreased \$6.2 million due to completion of OCC expansion in FY 03 and planned PCPA CIP projects

Transfer for Indirect Costs increased \$55,000 to pay Metro support costs. Unbudgeted in FY 03.

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
MERC Pooled Capital Fund								
<i>Resources</i>								
<i>Beginning Fund Balance</i>								
* Prior year adjustment	0	8,966	0	0	0	0	0.00%	-
* Portland Metropolitan Exposition Center	0	0	325,000	36,331	0	12,578	0.00%	12,578
* Oregon Convention Center	3,485,697	3,676,090	4,245,557	2,299,414	2,105,872	110,173	-94.77%	(1,995,699)
* Portland Center for the Performing Arts	0	0	120,000	1,111,650	1,791,438	11,910	-99.34%	(1,779,528)
* MERC Admin	0	379,897	493,617	103,288	50,000	50,000	0.00%	-
<i>Local Gov't Share Revenues</i>								
Hotel/Motel Tax	504,897	0	2,010,800	0	0	0	0.00%	-
<i>Contributions from Governments</i>								
Government Contributions	0	0	1,331,768	634,563	815,180	315,180	-61.34%	(500,000)
<i>Interest Earnings</i>								
Interest on Investments	190,393	253,807	199,140	114,281	26,630	0	-100.00%	(26,630)
<i>Contributions from Private Sources</i>								
Donations and Bequests	0	1,000,000	0	0	822,421	527,520	-35.86%	(294,901)
<i>Fund Equity Transfers</i>								
<i>Transfer of Resources</i>								
* from Portland Civic Stadium	0	0	0	623,374	0	0	0.00%	-
* from Portland Center for the Performing Arts	0	0	0	200,000	0	0	0.00%	-
* from Oregon Convention Center	0	0	0	146,005	1,787,200	153,580	-91.41%	(1,633,620)
* Portland Metropolitan Exposition Center	0	0	0	36,831	99,078	100,000	0.93%	922
TOTAL RESOURCES	\$4,180,987	\$5,318,760	\$8,725,882	\$5,305,737	\$7,497,819	\$1,280,941	-82.92%	(\$6,216,878)

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04		
MERC Pooled Capital Fund										
<u>Requirements</u>										
<i>Personal Services</i>										
<i>Salaries & Wages</i>										
Reg Employees-Full Time-Exempt	0	0	0	28,796	4.24	228,243	4.30	264,023	15.68%	35,780
Reg Empl-Full Time-Non-Exempt	0	0	0	0	2.05	92,275	1.45	61,436	-33.42%	(30,839)
Regular Employees Part Time Non-Exempt	0	0	0	0	0	0	0	0	0.00%	-
Temporary Employees	0	0	0	0	0	0	0	0	0.00%	-
Part-Time, Non-Reimbursed Labor	0	0	0	0	9,262	0	0	0	-100.00%	(9,262)
Part-Time, Reimbursed Labor	0	0	0	0	0	0	0	0	0.00%	-
Overtime	0	0	0	0	0	0	0	0	0.00%	-
Merit/Bonus Pay	0	0	0	0	17,246	0	0	0	-100.00%	(17,246)
<i>Fringe Benefits</i>										
Fringe Benefits	0	0	0	10,237	99,430	132,877	33.64%	33,447		
TOTAL PERSONAL SERVICES	\$0	\$0	\$0	\$39,033	6.29	\$446,456	5.75	\$458,336	2.66%	\$11,880
<i>Materials and Services</i>										
<i>Goods</i>										
Office Supplies	0	0	4,852	0	0	0	0	0	0.00%	-
Operating Supplies	0	17,852	0	6,000	0	0	0	0	0.00%	-
Maintenance & Repairs Supplies	0	0	27,457	472	100,000	35,000	-65.00%	(65,000)		
<i>Services</i>										
Other Purchased Services	0	0	971	0	0	0	0	0	0.00%	-
TOTAL MATERIALS AND SERVICES	\$0	\$17,852	\$33,280	\$6,472	\$100,000	\$35,000	-65.00%	(\$65,000)		

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
MERC Pooled Capital Fund								
<u>Requirements</u>								
<i>Capital Outlay</i>								
<i>Capital Outlay (Non-CIP Projects)</i>								
Improve-Oth thn Bldg (non-CIP)	0	0	0	3,324	59,000	31,000	-47.46%	(28,000)
Buildings & Related (non-CIP)	0	0	432,013	170,775	111,000	133,580	20.34%	22,580
Exhibits and Related (non-CIP)	0	0	6,240	15,056	15,000	29,000	93.33%	14,000
Equipment & Vehicles (non-CIP)	0	13,603	23,432	80,907	95,000	65,000	-31.58%	(30,000)
Office Furn & Equip (non-CIP)	0	103,131	0	0	0	0	0.00%	-
	0	0	0	0	0	0	0.00%	-
<i>Capital Outlay (CIP Projects)</i>								
Improve-Oth thn Bldg (CIP)	0	0	0	0	500,000	0	-100.00%	(500,000)
Buildings & Related (CIP)	0	0	200,953	107,671	5,936,702	300,000	-94.95%	(5,636,702)
Exhibits and Related (CIP)	0	0	0	0	0	0	0.00%	-
Equipment & Vehicles (CIP)	0	0	129,281	218,553	50,000	0	-100.00%	(50,000)
Office Furniture & Equip (CIP)	0	0	0	0	0	0	0.00%	-
Leasehold Improvements (CIP)	0	0	0	0	0	0	0.00%	-
TOTAL CAPITAL OUTLAY	\$0	\$116,734	\$791,919	\$596,286	\$6,766,702	\$558,580	0.00%	(\$6,208,122)
TOTAL OPERATING REQUIREMENTS	\$0	\$134,586	\$825,199	\$641,791	\$7,313,158	\$1,051,916	-85.62%	(\$6,261,242)
<i>Interfund Transfers</i>								
<i>Internal Service Transfers</i>								
<i>Transfer for Indirect Costs</i>								
* to Support Services Fund	0	0	0	0	0	55,000	0.00%	55,000
* to General Fund	0	0	0	0	0	0	0.00%	-
* to Risk Management Fund - Liability	0	0	0	0	0	0	0.00%	-
* to Risk Management Fund - Workers Comp.	0	0	0	0	0	0	0.00%	-
Total Metro Support Costs	0	0	0	0	0	55,000	0.00%	55,000
<i>Fund Equity Transfers</i>								
<i>Transfer of Resources</i>								
* to Portland Center for the Performing Arts	125,000	0	0	0	0	0	0.00%	-
* to Convention Center Project Capital Fund	0	0	4,350,000	0	0	0	0.00%	-
TOTAL INTERFUND TRANSFERS	\$125,000	\$0	\$4,350,000	\$0	\$0	\$55,000	0.00%	\$55,000

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
MERC Pooled Capital Fund								
<i>Contingency</i> Contingency	0	0	0	0	178,630	42,077	-76.44%	(136,553)
<i>Unappropriated Fund Balance</i> Unappropriated Fund Balance	4,055,987	5,184,174	3,550,683	4,663,946	6,031	131,948	2087.83%	125,917
TOTAL CONTINGENCY/ENDING BALANCE	\$4,055,987	\$5,184,174	\$3,550,683	\$4,663,946	\$184,661	\$174,025	-5.76%	(10,636)
TOTAL REQUIREMENTS	\$4,180,987	\$5,318,760	\$8,725,882	\$5,305,737	\$7,497,819	\$1,280,941	-82.92%	(6,216,878)
						(\$0)		

Change in Fund Balance

TOTAL NET CASH FLOW	\$4,055,987	\$5,184,174	\$3,225,683	\$4,627,615	\$184,661	\$161,447	-12.57%	(23,214)
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MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
MERC Administration								
<i>Beginning Fund Balance</i>								
* MERC Administration		379,897	493,617	103,288	50,000	50,000	0.00%	-
<i>Local Gov't Share Revenues</i>								
Hotel/Motel Tax	504,897						0.00%	-
VDI outlined in IGA							0.00%	-
<i>Interest Earnings</i>								
Interest on Investments	0	23,720	18,961	3,324			0.00%	-
<i>Contributions from Private Sources</i>								
Donations and Bequests		90,000					0.00%	-
TOTAL RESOURCES	\$504,897	\$493,617	\$512,578	\$106,612	\$50,000	\$50,000	0.00%	\$0

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
MERC Administration								
<i>Requirements</i>								
<i>Materials and Services</i>								
<i>Goods</i>								
Office Supplies							0.00%	-
Operating Supplies				6,000			0.00%	-
Maintenance & Repairs Supplies			52,957				0.00%	-
<i>Services</i>								
Other Purchased Services			971				0.00%	-
TOTAL MATERIALS AND SERVICES	\$0	\$0	\$53,928	\$6,000	\$0	\$0	0.00%	\$0
<i>Capital Outlay</i>								
<i>Capital Outlay (Non-CIP Projects)</i>								
Improve-Oth thn Bldg (non-CIP)							0.00%	-
Buildings & Related (non-CIP)			5,173				0.00%	-
<i>Capital Outlay (CIP Projects)</i>								
Improve-Oth thn Bldg (CIP)							0.00%	-
Buildings & Related (CIP)			189				0.00%	-
Exhibits and Related (CIP)							0.00%	-
Equipment & Vehicles (CIP)					46,643		0.00%	-
Office Furniture & Equip (CIP)							0.00%	-
Leasehold Improvements (CIP)							0.00%	-
TOTAL CAPITAL OUTLAY	\$0	\$0	\$5,362	\$46,643	\$0	\$0	0.00%	\$0
TOTAL OPERATING REQUIREMENTS	\$0	\$0	\$59,290	\$52,643	\$0	\$0	0.00%	\$0

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
MERC Administration								
<i>Interfund Transfers</i>								
<i>Fund Equity Transfers</i>								
<i>Transfer of Resources</i>								
* to Portland Center for the Performing Arts	125,000						0.00%	-
* to Convention Center Project Capital Fund			350,000				0.00%	-
TOTAL INTERFUND TRANSFERS	\$125,000	\$0	\$350,000	\$0	\$0	\$0	#DIV/0!	\$0
<i>Contingency</i>								
Contingency	0	0	0	0	50,000	0	-100.00%	(50,000)
<i>Unappropriated Fund Balance</i>								
Unappropriated Fund Balance	379,897	493,617	103,288	53,969	0	50,000	100.00%	50,000
TOTAL CONTINGENCY/ENDING BALANCE	\$379,897	\$493,617	\$103,288	\$53,969	\$50,000	\$50,000	0.00%	-
TOTAL REQUIREMENTS	\$504,897	\$493,617	\$512,578	\$106,612	\$50,000	\$50,000	0.00%	-
						\$0		

Change in Fund Balance

TOTAL NET CASH FLOW	\$379,897	\$113,720	(\$390,329)	(\$49,319)	\$0	\$0	0.00%	-
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MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE	FY 2001-02 Actual	FY 2001-02 FTE	FY 2002-03 Actual	FY 2002-03 FTE	FY 2002-03 Budget	FY 2003-04 FTE	FY 2003-04 Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Portland Metropolitan Exposition Center												
<i>Resources</i>												
<i>Beginning Fund Balance</i>												
* Portland Metropolitan Exposition Center			325,000			36,331				12,578	100.00%	12,578
<i>Interest Earnings</i>												
Interest on Investments		0		12,484		1,169					0.00%	-
<i>Contributions from Private Sources</i>												
Donations and Bequests		325,000									0.00%	-
<i>Fund Equity Transfers</i>												
<i>Transfer of Resources</i>												
* Portland Metropolitan Exposition Center						36,831		99,078		100,000	0.93%	
TOTAL RESOURCES	\$0	\$325,000	\$337,484	\$74,331		\$99,078				\$112,578	13.63%	\$13,500

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04		
Portland Metropolitan Exposition Center										
<u>Requirements</u>										
<i>Personal Services</i>										
<i>Salaries & Wages</i>										
Reg Employees-Full Time-Exempt						0.20	12,693	100.00%	12,693	
<i>Fringe Benefits</i>										
Fringe Benefits							5,497	100.00%	5,497	
TOTAL PERSONAL SERVICES	\$0	\$0	-	\$0	-	\$0	0.20	\$18,190	100.00%	\$18,190
<i>Materials and Services</i>										
<i>Goods</i>										
Maintenance & Repairs Supplies							25,000	100.00%	25,000	
TOTAL MATERIALS AND SERVICES	\$0	\$0	\$0	\$0	\$0		\$25,000	100.00%	\$25,000	
<i>Capital Outlay</i>										
<i>Capital Outlay (Non-CIP Projects)</i>										
Improve-Oth thn Bldg (non-CIP)					59,000	31,000	100.00%	(28,000)		
Buildings & Related (non-CIP)			301,153	41,580			0.00%	-		
Exhibits and Related (non-CIP)							0.00%	-		
Equipment & Vehicles (non-CIP)					27,500	15,000	100.00%	(12,500)		
Office Furn & Equip (non-CIP)							0.00%	-		
TOTAL CAPITAL OUTLAY	\$0	\$0	\$301,153	\$41,580	\$86,500	\$46,000	100.00%	(\$40,500)		
TOTAL OPERATING REQUIREMENTS	\$0	\$0	\$301,153	\$41,580	\$86,500	\$89,190	3.11%	\$2,690		

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Portland Metropolitan Exposition Center								
<i>Interfund Transfers</i>								
<i>Internal Service Transfers</i>								
Transfer for Indirect Costs								
* to Support Services Fund						2,183	100.00%	2,183
* to General Fund							0.00%	-
* to Risk Management Fund - Liability							0.00%	-
* to Risk Management Fund - Workers Comp.							0.00%	-
Total Metro Support Costs						2,183	100.00%	2,183
TOTAL INTERFUND TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$2,183	100.00%	\$2,183
<i>Contingency</i>								
Contingency	0	0	0	0	12,578	3,568	-71.64%	(9,010)
<i>Unappropriated Fund Balance</i>								
Unappropriated Fund Balance		325,000	36,331	32,751	0	17,637	100.00%	17,637
TOTAL CONTINGENCY/ENDING BALANCE	\$0	\$325,000	\$36,331	\$32,751	\$12,578	\$21,205	68.58%	8,627
TOTAL REQUIREMENTS	\$0	\$325,000	\$337,484	\$74,331	\$99,078	\$112,578	13.63%	13,500
						\$0		

Change in Fund Balance

TOTAL NET CASH FLOW	\$0	\$325,000	(\$288,669)	(\$3,580)	\$12,578	\$8,627	-31.42%	(3,951)
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MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change
	Actual	Actual	FTE Actual	FTE Actual	FTE Budget	FTE Request	02/03 vs 03/04	02/03 vs 03/04
Oregon Convention Center								
<i>Resources</i>								
<i>Beginning Fund Balance</i>								
* Prior year adjustment		8,966						
* Oregon Convention Center	3,485,697	3,676,090	4,245,557	2,299,414	2,105,872	110,173	-94.77%	(1,995,699)
<i>Local Gov't Share Revenues</i>								
Hotel/Motel Tax			2,010,800				0.00%	-
<i>Interest Earnings</i>								
Interest on Investments	190,393	230,087	163,085	74,009	15,101		-100.00%	(15,101)
<i>Contributions from Private Sources</i>								
Donations and Bequests		465,000					0.00%	-
<i>Fund Equity Transfers</i>								
Transfer of Resources								
* from Oregon Convention Center				146,005	1,787,200	153,580	-91.41%	
TOTAL RESOURCES	\$3,676,090	\$4,380,143	\$6,419,442	\$2,519,428	\$3,908,173	\$263,753	-93.25%	(\$3,644,420)

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Oregon Convention Center								
<u>Requirements</u>								
<u>Personal Services</u>								
<i>Salaries & Wages</i>								
Reg Employees-Full Time-Exempt						0.55	32,891	100.00% 32,891
<i>Fringe Benefits</i>								
Fringe Benefits							15,430	100.00% 15,430
TOTAL PERSONAL SERVICES	\$0	\$0	-	\$0	-	\$0	0.55	\$48,321 100.00% \$48,321
<u>Materials and Services</u>								
<i>Goods</i>								
Office Supplies							0.00%	-
Operating Supplies		17,852					0.00%	-
TOTAL MATERIALS AND SERVICES	\$0	\$17,852	\$0	\$0	\$0	\$0	0.00%	\$0
<u>Capital Outlay</u>								
<i>Capital Outlay (Non-CIP Projects)</i>								
Buildings & Related (non-CIP)				28,085		113,580	100.00%	113,580
Equipment & Vehicles (non-CIP)		13,603		51,414	35,000	40,000	14.29%	5,000
Office Furn & Equip (non-CIP)		103,131					0.00%	-
<i>Capital Outlay (CIP Projects)</i>								
Improve-Oth thn Bldg (CIP)							0.00%	-
Buildings & Related (CIP)			120,028	33,787	3,713,000		-100.00%	(3,713,000)
Exhibits and Related (CIP)							0.00%	-
Equipment & Vehicles (CIP)				56,606	50,000		-100.00%	(50,000)
Office Furniture & Equip (CIP)							0.00%	-
Leasehold Improvements (CIP)							0.00%	-
TOTAL CAPITAL OUTLAY	\$0	\$116,734	\$120,028	\$169,892	\$3,798,000	\$153,580	-95.96%	(\$3,644,420)
TOTAL OPERATING REQUIREMENTS	\$0	\$134,586	\$120,028	\$169,892	\$3,798,000	\$201,901	-94.68%	(\$3,596,099)

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Oregon Convention Center								
<i>Interfund Transfers</i>								
<i>Internal Service Transfers</i>								
Transfer for Indirect Costs								
* to Support Services Fund						5,799	100.00%	5,799
* to General Fund							0.00%	-
* to Risk Management Fund - Liability							0.00%	-
* to Risk Management Fund - Workers Comp.							0.00%	-
Total Metro Support Costs						5,799	100.00%	5,799
<i>Fund Equity Transfers</i>								
Transfer of Resources								
* to Convention Center Project Capital Fund			4,000,000				0.00%	-
TOTAL INTERFUND TRANSFERS	\$0	\$0	\$4,000,000	\$0	\$0	\$5,799	100.00%	\$5,799
<i>Contingency</i>								
Contingency	0	0	0	0	106,670	8,076	-92.43%	(98,594)
<i>Unappropriated Fund Balance</i>								
Unappropriated Fund Balance	3,676,090	4,245,557	2,299,414	2,349,536	3,503	47,978	1269.63%	44,475
TOTAL CONTINGENCY/ENDING BALANCE	\$3,676,090	\$4,245,557	\$2,299,414	\$2,349,536	\$110,173	\$56,054	-49.12%	(54,119)
TOTAL REQUIREMENTS	\$3,676,090	\$4,380,143	\$6,419,442	\$2,519,428	\$3,908,173	\$263,753	-93.25%	(3,644,420)
						(50)		

Change in Fund Balance

TOTAL NET CASH FLOW	\$190,393	\$569,467	(\$1,946,143)	\$50,122	(\$1,995,699)	(\$54,119)	-97.29%	1,941,580
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MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Portland Center for the Performing Arts												
<i>Resources</i>												
<i>Beginning Fund Balance</i>												
* Portland Center for the Performing Arts			120,000		1,111,650		1,791,438		11,910		-99.34%	(1,779,528)
<i>Contributions from Governments</i>												
Government Contributions			1,331,768		634,563		815,180		315,180		-61.34%	(500,000)
<i>Interest Earnings</i>												
Interest on Investments		0	4,610		35,779		11,529				-100.00%	(11,529)
<i>Contributions from Private Sources</i>												
Donations and Bequests		120,000					822,421		527,520		-35.86%	(294,901)
<i>Fund Equity Transfers</i>												
Transfer of Resources												
* from Portland Civic Stadium					623,374						0.00%	
* from Portland Center for the Performing Arts					200,000						0.00%	-
TOTAL RESOURCES	\$0	\$120,000	\$1,456,378		\$2,605,366		\$3,440,568		\$854,610		-75.16%	(\$2,585,958)

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04				
Portland Center for the Performing Arts												
<u>Requirements</u>												
<i>Personal Services</i>												
<i>Salaries & Wages</i>												
Reg Employees-Full Time-Exempt				28,796	4.24	228,243	3.55	218,439	-4.30%	(9,805)		
Reg Empl-Full Time-Non-Exempt					2.05	92,275	1.45	61,436	-33.42%	(30,839)		
Part-Time, Non-Reimbursed Labor						9,262			-100.00%	(9,262)		
Part-Time, Reimbursed Labor									0.00%	-		
Overtime									0.00%	-		
Merit/Bonus Pay						17,246			-100.00%	(17,246)		
<i>Fringe Benefits</i>												
Fringe Benefits				10,237		99,430		111,950	12.59%	12,520		
TOTAL PERSONAL SERVICES	\$0	\$0	-	\$0	-	\$39,033	6.29	\$446,456	5.00	\$391,825	-12.24%	(\$54,631)
<i>Materials and Services</i>												
<i>Goods</i>												
Office Supplies			4,852						0.00%	-		
Maintenance & Repairs Supplies			(25,500)	472	100,000			10,000	-90.00%	(90,000)		
TOTAL MATERIALS AND SERVIC	\$0	\$0	(\$20,648)	\$472	\$100,000	\$10,000		\$10,000	-90.00%	(\$90,000)		
<i>Capital Outlay</i>												
<i>Capital Outlay (Non-CIP Projects)</i>												
Improve-Oth thn Bldg (non-CIP)				3,324					0.00%	-		
Buildings & Related (non-CIP)			125,687	101,110	111,000			20,000	0.00%	(91,000)		
Exhibits and Related (non-CIP)			6,240	15,056	15,000			29,000	0.00%	14,000		
Equipment & Vehicles (non-CIP)			23,432	29,493	32,500			10,000	0.00%	(22,500)		
<i>Capital Outlay (CIP Projects)</i>												
Improve-Oth thn Bldg (CIP)					500,000				0.00%	(500,000)		
Buildings & Related (CIP)			80,736	73,884	2,223,702			300,000	0.00%	(1,923,702)		
Equipment & Vehicles (CIP)			129,281	115,304					0.00%	-		
Office Furniture & Equip (CIP)									0.00%	-		
Leasehold Improvements (CIP)									0.00%	-		
TOTAL CAPITAL OUTLAY	\$0	\$0	\$365,376	\$338,171	\$2,882,202	\$359,000		\$359,000	-87.54%	(\$2,523,202)		
TOTAL OPERATING REQUIREME	\$0	\$0	\$344,728	\$377,676	\$3,428,658	\$760,825		\$760,825	-77.81%	(\$2,667,833)		

MERC Pooled Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE Actual	FY 2001-02 FTE Actual	FY 2002-03 FTE Budget	FY 2003-04 FTE Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Portland Center for the Performing Arts								
<i>Interfund Transfers</i>								
<i>Internal Service Transfers</i>								
Transfer for Indirect Costs								
* to Support Services Fund						47,019	100.00%	47,019
* to General Fund							0.00%	-
* to Risk Management Fund - Liability							0.00%	-
* to Risk Management Fund - Workers Comp.							0.00%	-
Total Metro Support Costs						47,019	100.00%	47,019
TOTAL INTERFUND TRANSFERS	\$0	\$0	\$0	\$0	\$0	\$47,019	100.00%	\$47,019
<i>Contingency</i>								
Contingency	0	0	0	0	9,382	30,433	224.38%	21,051
<i>Unappropriated Fund Balance</i>								
Unappropriated Fund Balance		120,000	1,111,650	2,227,690	2,528	16,333	546.08%	13,805
TOTAL CONTINGENCY/ENDING 1	\$0	\$120,000	\$1,111,650	\$2,227,690	\$11,910	\$46,766	292.66%	34,856
TOTAL REQUIREMENTS	\$0	\$120,000	\$1,456,378	\$2,605,366	\$3,440,568	\$854,610	-75.16%	(2,585,958)

Change in Fund Balance

TOTAL NET CASH FLOW	\$0	\$120,000	\$991,650	\$1,116,040	(\$1,779,528)	\$34,856	-101.96%	1,814,384
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Date: November 14, 2002

To: Mark B. Williams, MERC General Manager

From: Bryant Enge, Director of Administration and CFO

Re: FY 2003-2004 Proposed Budget Memo of Transmittal

The Expansion Project Team has prepared the FY 04 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 expenditure projection for the FY 04 budget period is predominantly for the cost of construction wrap-up issues of the project. The execution of design services was primarily completed and funded in budget periods FY 00-01 and 01-02; construction primarily in FY 01-02 and 02-03; with the owner equipment scheduled to be purchased in budget period FY 02-03.

The Convention Center Project Capital Fund budget for FY 04 is \$65,000, a decrease of approximately \$59.5 million from the FY 03 budget. This budget-to-budget decrease reflects completion of the OCC expansion project. Whereas the budget for FY 03 was primarily for construction, scheduled for completion in the spring of 2003, the FY 04 budget is for minor wrap-up issues.

Division Overview

Fiscal Year 2003-04

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 Convention Center Project Capital Fund was created to account for the original Oregon Convention Center construction project. The proceeds from the original bond sale were fully expended in FY 98. The total budget for the expansion project is \$115 million. No property taxes are being used to finance the project. Bonds issued by the city of Portland are paying the construction costs. The bonds will be repaid through revenues generated by Multnomah County lodging and car rental taxes. Metro and its governmental partners in the region, the city of Portland and Multnomah County, along with the Tri-County Lodging Association and the car rental industry developed a financing plan wherein Multnomah County raised the transient lodging and the vehicle rental taxes to support this project. Also, revenue from tax increment financing was made available through the Portland Development Commission. A total of over \$5 million was transferred from MERC funds.

The budget for 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 expansion project is overseen by the expansion project team consisting of the project manager, the OCC Director, and Metro's Assistant Administrative Services 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.

Division Overview

Fiscal Year 2003-04

Major Accomplishments for FY 2002-03

- 1) Managed 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) Provided a facility that provides features that reduce operational cost for the longer-term management of the Oregon Convention Center.
- 3) Verified 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) Managed 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) Provided an expanded facility that enhances the local neighborhood by providing features that create a better environment and community.

Budget Summary

		<u>FY 2003-04</u>
Resources		
Beginning Fund Balance (estimated)		\$64,870
Interest		130
Total Resources		\$65,000
Requirements		
Personal Services		
Salaries and Wages	\$33,306	
Fringe Benefits	12,994	46,300
Materials and Services		
Other Expenditures		2,300
Capital Outlay		
CIP Projects		16,400
Total Requirements		\$65,000

Full-Time Equivalent Staffing

Salaries - Regular Full-Time	2.25	
Wages - Regular Full-Time	1.00	
Total FTE		3.25

Resource Detail and Analysis

Fiscal Year 2003-04

BEGINNING FUND BALANCE

Beginning Fund Balance	\$64,870
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INTEREST EARNINGS

4700	Interest on Investment	\$130
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Total Resources	\$65,000
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Beginning Fund Balance: decreased \$59 million based upon budgeted FY 03 cash flow plus contingency

Interest: decreased \$250,000 due to plan fund balance spend down

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

5010	Salaries - Regular Full-time	2.25		\$14,405
	Senior Project Manager	1.00	\$8,108	
	Construction Coordinator	1.00	4,916	
	MERC Capital Project Manager	0.25	1,381	
5015	Wages - Regular Full-Time	1.00		\$3,082
	Administrative Technician	0.50	\$1,380	
	Administrative Assistant	0.50	1,702	
5089	Merit Based Compensation			\$15,819
	7% of Regular Full-Time Non-represented Salaries and Wages including Overtime			
5100	Fringe Benefits			\$12,994
Total Personal Services		3.25		\$46,300

Materials and Services

Other Expenditures

5490	Misc Expenditures			\$2,300
Total Materials & Services				\$2,300

Capital Outlay

Capital Improvement Projects

5715	Improvements other than Building			\$100
	(1% for Art Program)			
5725	Buildings			\$10,300
5745	Equipment & Vehicles			\$5,000
5745	Office Furniture & Equipment			\$1,000
Total Capital Outlay				\$16,400
TOTAL REQUIREMENTS				\$65,000

Contingency and Ending Balance

Contingency

5999	Contingency			\$0
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Unappropriated Fund Balance

5990	Unappropriated Ending Fund Balance			\$0
Total Contingency and Ending Balance				\$0
TOTAL REQUIREMENTS				\$65,000

Expenditure Detail and Analysis

Fiscal Year 2003-04

FTE Changes from FY 2002-03

		FY 2002-03	FY 2003-04	Change
5015	Wages - Regular Full-Time	2.00	1.00	(1.00)
	Administrative Technician	1.00	0.50	(0.50)
	Administrative Assistant	1.00	0.50	(0.50)

Expansion project completed

Expenditure Detail and Analysis

Fiscal Year 2003-04

Personal Services

decreased \$405,000 due to project completion in FY 03

Capital Outlay

decreased \$58.9 million due to project completion in FY 03

Convention Center Project Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE	FY 2001-02 Actual	FY 2001-02 FTE	FY 2002-03 Actual	FY 2002-03 FTE	FY 2002-03 Budget	FY 2003-04 FTE	FY 2003-04 Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Convention Center Project Capital Fund												
<i>Resources</i>												
<i>Beginning Fund Balance</i>												
* Prior year adjustment		122		0		0		0		0	0.00%	-
* Convention Center Project Capital Fund				2,168		97,433,173		59,352,069		64,870	-99.89%	(59,287,199)
<i>Local Gov't Share Revenues</i>												
<i>Hotel/Motel Tax</i>												
VDI outlined in IGA				710,725							0.00%	-
<i>Contributions from Governments</i>												
Government Contributions				104,221,959							0.00%	-
<i>Interest Earnings</i>												
Interest on Investments		2,046		1,894,548		3,105,408		252,863		130	-99.95%	(252,733)
<i>Interfund Loan Revenue</i>												
<i>Interfund Loan - Principal</i>												
* from SW Revenue Fund		987,158										
<i>Fund Equity Transfers</i>												
<i>Transfer of Resources</i>												
* from MERC Pooled Capital Fund				4,350,000		24,786					0.00%	-
* from General Fund											0.00%	-
* from MERC Operating				712,798							0.00%	-
TOTAL RESOURCES	\$0	\$989,326		\$111,892,198		\$100,563,487		\$59,604,932		\$65,000	-99.89%	(\$59,539,932)

Convention Center Project Capital Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01		FY 2001-02		FY 2002-03		FY 2003-04		% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Actual	FTE	Budget	FTE	Request	02/03 vs 03/04	02/03 vs 03/04
Convention Center Project Capital Fund												
<u>Requirements</u>												
<u>Personal Services</u>												
<i>Salaries & Wages</i>												
Reg Employees-Full Time-Exempt		41,625	2.75	171,225	2.75	232,565	2.75	216,929	2.25	14,405	-93.36%	(202,524)
Reg Empl-Full Time-Non-Exempt			2.00	46,285	2.00	67,629	2.05	72,909	1.00	3,082	-95.77%	(69,827)
Regular Employees Part Time Non-Exempt		8,960									100.00%	-
Temporary Employees		1,147		12,132		14,675		18,720			0.00%	(18,720)
Part-Time, Non-Reimbursed Labor											0.00%	-
Part-Time, Reimbursed Labor											0.00%	-
Overtime				1,356				3,660			-100.00%	(3,660)
Merit/Bonus Pay								23,435		15,819	-32.50%	(7,616)
<i>Fringe Benefits</i>												
Fringe Benefits		14,006		67,132		93,377		116,240		12,994	-88.82%	(103,246)
TOTAL PERSONAL SERVICES	\$0	\$65,738	4.75	\$298,130	4.75	\$408,246	4.80	\$451,893	3.25	\$46,300	-89.75%	(\$405,593)

Convention Center Project Capital Fund

DESCRIPTION	FY 1998-99	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	% Change	\$ Change
	Actual	Actual	FTE	Actual	FTE	Budget	02/03 vs 03/04	02/03 vs 03/04
Convention Center Project Capital Fund								
<u>Requirements</u>								
<u>Materials and Services</u>								
<i>Goods</i>								
Office Supplies		2,152		2,333			0.00%	-
Operating Supplies		20,799					0.00%	-
Subscriptions and Dues		558					0.00%	-
Fuels and Lubricants							0.00%	-
Maintenance & Repairs Supplies							0.00%	-
Purchasing Card Expenditures				389			0.00%	-
Food		844					0.00%	-
<i>Services</i>								
Contracted Professional Svcs							0.00%	-
Marketing Expense							0.00%	-
Contracted Property Services							0.00%	-
Utility Services		779		271			0.00%	-
Cleaning Services							0.00%	-
Maintenance & Repair Services							0.00%	-
Rentals		183					0.00%	-
Insurance							0.00%	-
Other Purchased Services		3,539		3,020			0.00%	-
Operations Contracts							0.00%	-
<i>Intergov't Expenditures</i>								
Payments to Other Agencies		18,463					0.00%	-
Assessments							0.00%	-
<i>Internal Charges for Services</i>								
Charges for Services		19,980					0.00%	-
<i>Other Expenditures</i>								
Travel		2,414					0.00%	-
Staff Development							0.00%	-
Miscellaneous Expenditures		116		22,633	12,062	22,700	-89.87%	(20,400)
<i>GAAP Account</i>								
Bad Debt Expense							0.00%	-
TOTAL MATERIALS AND SERVICES	\$0	\$69,827		\$28,646	\$12,062	\$22,700	-89.87%	(\$20,400)

Convention Center Project Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE	FY 2001-02 Actual	FY 2001-02 FTE	FY 2002-03 Actual	FY 2002-03 FTE	FY 2002-03 Budget	FY 2003-04 FTE	FY 2003-04 Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Convention Center Project Capital Fund												
<u>Requirements</u>												
<u>Capital Outlay</u>												
<i>Capital Outlay (CIP Projects)</i>												
Improve-Oth thn Bldg (CIP)			229,586			165,668		682,306		100	0.00%	(682,206)
Buildings & Related (CIP)		851,593		12,735,402		53,984,984		56,432,056		10,300	0.00%	(56,421,756)
Exhibits and Related (CIP)				0		0		0		0	0.00%	-
Equipment & Vehicles (CIP)				1,086		0		1,488,840		5,000	0.00%	(1,483,840)
Office Furn & Equip (CIP)				6,158				325,000		1,000	0.00%	(324,000)
TOTAL CAPITAL OUTLAY	\$0	\$851,593		\$12,972,232		\$54,150,653		\$58,928,202		\$16,400	-99.97%	(58,911,802)
TOTAL OPERATING REQUIREMENTS	\$0	\$987,158		\$13,299,008		\$54,570,961		\$59,402,795		\$65,000	-99.89%	(\$59,337,795)
<u>Interfund Transfers</u>												
<i>Internal Service Transfers</i>												
Transfer for Indirect Costs												
* to Support Services Fund		0		119,273		118,952		107,651		0	-100.00%	(107,651)
* to General Fund		0		0		0		7,776		0	-100.00%	(7,776)
* to Risk Management Fund - Liability		0		0		0		251		0	-100.00%	(251)
* to Risk Management Fund - Workers Comp.		0		9,785		5,217		949		0	-100.00%	(949)
Total Metro Support Costs		0		129,058		124,169		116,627		0	-100.00%	(116,627)
Transfer for Direct Costs		0		37,337		87,966		85,510		0	-100.00%	(85,510)
<i>Interfund Loan Expenditures</i>												
Interfund Loan - Principal												
* to Solid Waste Revenue Fund				987,158								
Interfund Loan - Interest												
* to Solid Waste Revenue Fund				6,464								
TOTAL INTERFUND TRANSFERS	\$0	\$0		\$1,160,017		\$212,135		\$202,137		\$0	-100.00%	(\$202,137)

Convention Center Project Capital Fund

DESCRIPTION	FY 1998-99 Actual	FY 1999-00 Actual	FY 2000-01 FTE	FY 2001-02 Actual	FY 2001-02 FTE	FY 2002-03 Actual	FY 2002-03 FTE	FY 2002-03 Budget	FY 2003-04 FTE	FY 2003-04 Request	% Change 02/03 vs 03/04	\$ Change 02/03 vs 03/04
Convention Center Project Capital Fund												
<i>Contingency</i>												
Contingency		0		0		0			0	-	0.00%	-
<i>Unappropriated Fund Balance</i>												
Appropriated Fund Balance		0		0		0			0	0	0.00%	-
Unappropriated Fund Balance		2,168		97,433,173		45,780,391			0	-	0.00%	-
TOTAL CONTINGENCY/ENDING BALAN	\$0	\$2,168		\$97,433,173		\$45,780,391			\$0	\$0	0.00%	-
TOTAL REQUIREMENTS	\$0	\$989,326		\$111,892,198		\$100,563,487		\$59,604,932	\$65,000		-99.89%	(59,539,932)

Change in Fund Balance

TOTAL NET CASH FLOW	\$0	\$2,168		\$97,431,005		(\$51,652,782)		(\$59,352,069)	(\$64,870)		-99.89%	59,287,199
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PROPOSED FY 2003-04 BUDGET ASSUMPTIONS

Metropolitan Exposition Recreation Commission

*MERC Operating Fund
Metropolitan Exposition Center
Oregon Convention Center
Portland Center for the Performing Arts
MERC Pooled Capital Fund
Convention Center Capital Project Fund*

PROPOSED FY 2003-04 BUDGET ASSUMPTIONS

Use the following assumptions as you do your budget calculations:

Gross available hours per year per FTE = 2088 hours for all employees.

Projected Consumer Price Index = 3.0%

Interest rate for resource calculations = 2.0%

Transient Lodging Tax growth = 0.0%

Personal Services: The following assumptions should be used when estimating Personal Services costs for FY 2003-04:

- Represented employees increase to reflect appropriate step increases = 3.0%
- Part-time increase = 3.0%
- Pay-for-Performance merit adjustment = 7.0%

Fringe Benefits: Based on 2001-02 actuals (first close) adjusted 5% to reflect the following impacts:

- PERS Employers Contribution increase of 4%
- Increase in Health and Welfare CAP of \$27

UNIT	Admin	Expo	OCC	PCPA	Pooled	Expansion
DEPARTMENT						
Composite	35%	33.2%	39.1%	29.4%	40.8%	39%

The variation in fringe benefits rates reflects the different staffing mix.

PROPOSED FY 2003-04 BUDGET ASSUMPTIONS

Materials and Services: Increase in these costs as a result of inflationary factors should be limited to 3% with an exception for utilities. Facilities will check with the local utilities to determine rate increase, if any, are scheduled in the upcoming year.

Reimbursable Labor: For hourly rates \$15 or more add 3% rounded to the nearest \$.25 increment. Four hourly rates less than \$15 add \$.25.

Contingency: Contingency should be an amount not less than 4% of the total of Personal Services, Materials and Services, and Capital Outlay.

Metro Support Services: For FY 2003-04 use 14.3% of personal services plus \$200,000, in place of the 16.5% rate recommended in Metro's 2003-04 budget manual. Application resulted in the following changes in support services:

- ASD allocated costs 12% of total Personal Services (5.2% over FY 2002-03 rate of 11.3%)
- General Fund allocated costs increase 5.2% over FY 2002-03 Budget
- Liability/Property Increase 50% over FY 2002-03 Budget
- Workers Compensation Increase 50% over FY 2002-03 Budget

ASD costs relative to MERC Administration allocated to MERC facilities based on their share of Administrative Direct Costs allocation:

Department	Expo	OCC	PCPA	Pooled	Expansion
ASD	170,290	986,076	541,162	55,000	
General Fund	14,826	58,440	39,354		
Risk Management – Liability/Property	41,603	163,983	110,429		
Risk Management – Worker Comp	14,474	57,050	38,420		

Administrative Direct Costs

Based on the following allocation, use the following MERC support service costs:

- Expo 14% \$153,647
- OCC 52% \$570,690
- PCPA 34% \$373,143
- Total \$1,097,480

Allocated Costs

	Expo	OCC	PCPA	Capital	Expansion
Construction Capital Projects Mgr	10%	20%	70%		
Capital Projects Assistant	10%	35%	55%		
Security Manager	5%	90%	5%		
Admissions Scheduler	20%	25%	55%		

PROPOSED FY 2003-04 BUDGET ASSUMPTIONS

Data Clerk at PCPA	2%	18%	80%		
Accounting Technician (2)	20%	40%	40%		
PCPA Director			76%	24%	
PCPA Operations Manager			25%	75%	
PCPA Assistant Operations Manager			50%	50%	
PCPA Stage Supervisor			75%	25%	
PCPA Operations Accounting Coordinator			70%	30%	
PCPA Building Maintenance Supervisor			50%	50%	
PCPA Operations Secretary			70%	30%	
PCPA Lead Operating Engineer			25%	75%	
System Antenna & Transmitter	5%	90%	5%		
Admissions Hiring Costs (Advertising)	15%	30%	55%		
Admissions Uniforms	5%	20%	70%		
Security Hiring Costs & Uniforms	5%	90%	5%		
Med Tech – OHSU Fees	30%	50%	20%		
Security Vehicle		100%			
Information Technology Supervisor	14%	52%	34%		

VDI Funding:

- OCC Operating: \$1,000,000
- OCC Marketing (POVA Pass Through): \$ 371,315
- PCPA Operating: \$ 531,000