

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 03-05

For the purpose of approving and transmitting a Revised Budget for the Fiscal Year 2003-04 MERC Operating Fund and MERC Pooled Capital Fund Budget to Metro Council.

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, in November 2002, in Resolution 02-33, the Commission approved and transmitted to the Metro Council the Fiscal Year 2003-04 budgets for the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund,

WHEREAS, in the intervening period, the total budgeted support cost allocation to MERC for Fiscal Year 2003-04 has decreased and further, a portion of these costs are budgeted to be offset by a transfer from the Metro General Fund,

WHEREAS, in the intervening period, certain accounting changes were required to be made to the Fiscal Year 2003-04 MERC budget in order to ensure that all "pass through" revenue is tracked for purposes of excise tax reporting to Metro,

WHEREAS, in the intervening period, budgeted estimates for interest income, MERC administrative personal services and Oregon Convention Center materials and services expenditures have changed or updated,

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission approves and transmits to the Metro Council the following revised budgets attached as Exhibit A for Fiscal Year 2003-04 for inclusion as part of the total Metro budget for this period:

- MERC Operating Fund
- MERC Pooled Capital Fund

Passed by the Commission on February 26, 2003.

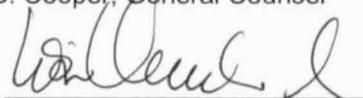


Chair



Secretary-Treasurer

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

By: 

MERC STAFF REPORT

Agenda Item: Approving and Transmitting a Revised Budget for the Fiscal Year 2003-4 MERC Operating Fund and MERC Pooled Capital Fund Budget to Metro Council.

Resolution No. 03-05

Date: February 26, 2003

Presented by: Bryant Enge

Description of Resolution: Resolution 03-05 would approve the attached proposed budget for submission to the Metro Council by a duly adopted resolution at a regular public meeting of the Commission.

Background: In November 2002, the Commission approved and transmitted to the Metro Council the Fiscal Year 2003-04 budgets for the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund in November 2002. Subsequent to that date certain budget assumptions have changed and other financial updates are needed. This staff report and its attachments detail and describe such changes.

Discussion and Analysis: Based on changes in the proposed support cost charge from Metro, changes in interpretation of Metro excise tax on pass-through revenue, more current financial information regarding Oregon Convention Center expansion project, and staff developed the proposed Revised MERC Fiscal Year 2003-04 budget attached as Exhibit A. With those adjustments, the proposed budget is forwarded to the full Commission for consideration, comment and passage.

Financial Impact: The changes proposed for the Fiscal Year 2003-04 budget will require an increase of \$921,183 in MERC Operating Fund appropriation to avoid an over-expenditure budget, which is a violation of Oregon Budget Law. This increased in appropriation is expected to be offset by additional resources from Reimbursed Labor of \$632,142, \$173,939 from General Fund subsidy, and \$182,000 in savings in Metro's central support service costs. Overall, these changes represent a net change in cash flow as follows: \$56,584 for PCPA, \$18,218 for Expo, \$21,777 for OCC and \$(27,040) for MERC Administration, resulting in a total net change in cash flow of \$69,539 for the MERC Operating Fund.

For complete details see Exhibit A.

Recommendation: Passage of the MERC Revised Proposed Budget for Fiscal Year 2003-04.

EXHIBIT A 2/2

REVISED PROPOSED BUDGET 03/04 (for approval by the Commission in February 03)

	PCPA	EXPO	OCC	ADMIN	TOTAL
Operations:					
Earned Revenue (incl. int.)	5,868,723	6,446,735	13,618,966	7,009	25,941,433
Operating expenses	<u>(6,828,638)</u>	<u>(4,238,676)</u>	<u>(18,318,119)</u>	<u>(1,134,601)</u>	<u>(30,520,034)</u>
Gain (Loss) from operations	(959,915)	2,208,059	(4,699,153)	(1,127,592)	(4,578,601)
Non Operating Support:					
Lodging/VDI/City of Portland	2,063,181		6,250,134		8,313,315
Debt Service		(1,128,742)	(22,809)		(1,151,551)
Transfer to capital		(100,000)	(413,580)		(513,580)
Overhead Transfers MERC	(373,143)	(153,647)	(570,690)	1,097,480	-
Overhead Transfers METRO	<u>(672,782)</u>	<u>(222,975)</u>	<u>(1,157,711)</u>		<u>(2,053,468)</u>
Net	<u>57,341</u>	<u>602,695</u>	<u>(613,809)</u>	<u>(30,112)</u>	<u>16,115</u>

Detail of Difference between approved and proposed 04 Budget

Earned Revenue					
Reflects budgeting for pass thru	417,142	-	215,000		632,142
GF Subsidy Offset Support Costs Incr			173,939		173,939
Interest Revenue		-		2,001	2,001
	<u>417,142</u>	<u>-</u>	<u>388,939</u>	<u>2,001</u>	<u>808,082</u>
Operating Expenses					
Reflects budgeting for pass thru	417,142	-	215,000		632,142
Admin Reclass Salary Adj.				29,041	29,041
	<u>417,142</u>	<u>-</u>	<u>215,000</u>	<u>29,041</u>	<u>661,183</u>
Transfer to Capital					
Authority for FF&E spending	-	-	260,000	-	260,000
Overhead Transfer Metro					
Metro Support Cost Decrease	<u>(56,584)</u>	<u>(18,218)</u>	<u>(107,838)</u>	<u>-</u>	<u>(182,640)</u>
Net Change in Cash Flow	<u>56,584</u>	<u>18,218</u>	<u>21,777</u>	<u>(27,040)</u>	<u>69,539</u>

EXHIBIT A 1/2

APPROVED BUDGET 03/04 (approved by Commission in November 02)

	PCPA	EXPO	OCC	ADMIN	TOTAL
Operations:					
Earned Revenue (incl. int.)	5,451,581	6,446,735	13,230,027	5,008	25,133,351
Operating expenses	<u>(6,411,496)</u>	<u>(4,238,676)</u>	<u>(18,103,119)</u>	<u>(1,105,560)</u>	<u>(29,858,851)</u>
Gain (Loss) from operations	(959,915)	2,208,059	(4,873,092)	(1,100,552)	(4,725,500)
Non Operating Support:					
Lodging/VDI/City of Portland	2,063,181		6,250,134		8,313,315
Debt Service		(1,128,742)	(22,809)		(1,151,551)
Transfer to Capital		(100,000)	(153,580)		(253,580)
Overhead Transfers MERC	(373,143)	(153,647)	(570,690)	1,097,480	-
Overhead Transfers METRO	<u>(729,366)</u>	<u>(241,193)</u>	<u>(1,265,549)</u>		<u>(2,236,108)</u>
Net	<u>757</u>	<u>584,477</u>	<u>(635,586)</u>	<u>(3,072)</u>	<u>(53,424)</u>