

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 05-19

For the Purpose of Submitting To The Metro Council A Proposal To Fund The Replacement of the Oregon Convention Center Audio Visual Head End Room Equipment With An Investment of \$636,208 From The Metro Tourism Opportunity and Competitiveness Account (MTOCA).

WHEREAS, on May 20, 2004, the Metro Council passed Ordinance No. 04-1052, increasing the excise tax on solid waste by \$.50 per ton; and

WHEREAS, the proceeds from this tax are allocated to the Metro Tourism Opportunity and Competitiveness Account ("MTOCA"), to be used to maximize the competitiveness, financial viability, economic impact, and continued success of the Oregon Convention Center; and

WHEREAS, on October 7, 2004, the Metro Council passed Resolution No. 04-3494A, which adopted MTOCA Policy And Guidelines; and

WHEREAS, in Resolution No. 04-3494A, the Metro Council directed the MERC Commission to submit proposals for funding the goals and strategies listed in the adopted MTOCA Policy And Guidelines, with priority given to those under Goal Number 1, which includes expending funds to obtain an operational advantage for the Oregon Convention Center; and

WHEREAS, the 2005-2006 adopted budget includes a transfer of \$636,208 from MTOCA to MERC's Pooled Capital Fund; and

WHEREAS, in Resolution No. 04-3494A, the Metro Council stated its desire that annual requests for appropriations from MTOCA be set out for discussion, consideration, and action in a manner separate and discrete from general budget process; and

WHEREAS, at its public meeting on August 4, 2005, the MERC Commission Budget Committee considered a recommendation from staff that the Oregon Convention Center audio visual head end room equipment be replaced at a total cost of \$985,000; and

WHEREAS, replacing the audio visual head end room equipment in the original part of the convention center will create a total system control center for the entire audio visual system by upgrading an antiquated system that can no longer be serviced or maintained, and will provide customers with a quality sound and video system and services for their event needs throughout the facility; and

WHEREAS, the MERC Commission recommends that the Metro Council approve the expenditure of the previously appropriated \$636,208 from MTOCA on the replacement of the

audio visual head end room equipment, with the remaining cost of \$348,792 to be funded by the MERC Pooled Capital Fund.

BE IT THEREFORE RESOLVED that the MERC Commission recommends to the Metro Council that the Metro Council approve the expenditure of \$636,208 in MTOCA funding, previously budgeted during the general budget process, as a transfer from MTOCA to the MERC Pooled Capital Fund on the replacement of the Oregon Convention Center audio visual head end room equipment, with the remaining funding of \$348,792 drawn from the MERC Pooled Capital Fund.

Passed by the Commission on August 24, 2005

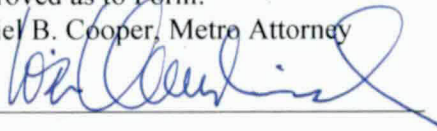


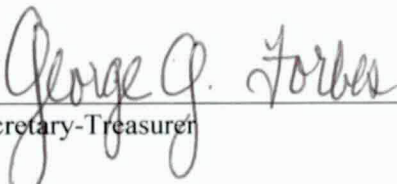
Chair

Approved as to Form:

Daniel B. Cooper, Metro Attorney

By:





Secretary-Treasurer

MERC Staff Report

Agenda Item/Issue: For the Purpose of Submitting To The Metro Council A Proposal To Fund The Replacement of the Oregon Convention Center Audio Visual Head End Room Equipment With An Investment of \$636,208 From The Metro Tourism Opportunity and Competitiveness Account (MTOCA).

Resolution No.: 05-19

Presented By: Jeffrey A. Blosser &
Kathy Taylor

Date: August 24, 2005

Background and Analysis: The Metro Council has approved a Policy and Guidelines for establishing a process and criteria for proposed investments from the Metro Tourism and Opportunity and Competitiveness Account. The MERC Budget Committee discussed the Goals and Strategies identified in the Policy and Guidelines and is recommending investment in **Goal #1 Targeted Capital Investments in the Oregon Convention Center's physical plant that yield demonstrable marketing advantages, Strategy B: OCC Operational Advantage**

The Oregon Convention Center audio/visual head end room equipment, located in the original building, is failing. The head end room is the control center for the AV system including sound, video and recording capabilities and the controls to operate the system. Because the system is analog replacement parts are no longer available. Halls A, A1 and corresponding meeting rooms are totally inoperable and Hall B and B and C meeting rooms have only intermittent service. During 2003, a digital AV system costing \$1.1 million was installed in the new expansion. It was anticipated that the original AV equipment in the existing facility would be replaced during expansion. The project was not completed due to funding shortfalls. This proposal would extend that same system technology to the original structure and tie the entire system together for better overall service, labor reductions and quality sound in all areas of the facility.

Fiscal Impact:

- A. **Expenditure:** \$985,000 to replace the audio/visual head end room equipment in the original building. The appropriation for this project is included in the 2005-06 adopted budget.
- B. **Operating Impact:** Until replacement of the worn out system, temporary AV equipment is rented, installed and uninstalled. Depending on the length of rental, the cost for labor and equipment is \$300 to \$1,500 per use. Annually, this would have a negative impact of at least \$50,000 per year if the system has no more deterioration or failures. Further, temporary equipment may not meet customers' requirements.
- C. **Funding:**
 - 1. The adopted budget includes a \$636,208 transfer from Metro's General Fund Tourism Opportunity & Competitiveness Fund to MERC's Pooled Capital
 - 2. The balance of \$348,792 will come from MERC Pooled Capital Fund Balance.

Recommendation: Staff recommends that the Metropolitan Exposition-Recreation Commission adopt Resolution 05-19, for the purpose of submitting to the Metro Council a proposal to fund the replacement of the Oregon Convention Center audio visual head end room equipment with an investment of \$636,208 from the Metro Tourism Opportunity and Competitiveness Account (MTOCA).

Metro Tourism Opportunity and Competitiveness Account

Oregon Convention Center Pooled Capital Fund

Attachment A to Staff Report

	<u>2004-05</u>	<u>2005-06</u>
Resources		
Beginning Balance	-0-	505,400
Excise Tax from Metro	504,000	636,208
Excise Tax from Metro, adjust to actual collections (estimate)	30,000	
Intra-fund transfer from Expo to OCC		330,458
OCC Pooled Capital fund balance		206,000
Business Energy Tax Credits (BETC)	-	150,000
Total Resources	<u>534,000</u>	<u>1,828,066</u>
Requirements		
Green Building LEED Certification (Goal 1 Strategy A)		
Retrofit existing building to meet LEED standards		
Rebuild chiller units and ventilation noise abatement	28,600	688,000
Replace 198 Toilet/Urinals (auto flush)		125,000
Audio Visual Head End Room - original building (Goal 1 Strategy B)		
Replace analog system in original building due to failure and lack of replacement parts.		985,000
Total Requirements	<u>28,600</u>	<u>1,798,000</u>
Ending Balance (Resources less Requirements)	<u>505,400</u>	<u>30,066</u>

A Budget amount for 2005-06.

B Upgrade chillers in the existing building to meet environmental standards. The original concept to replace chillers was subsequently determined to be more costly than a retrofitting. The original estimate was \$1,215,000, savings from rebuilding is \$536,400.

C Fund Balance borrowed from Expo will be repaid from future year Pooled Capital Fund balance or transfer.

MTOCA Goals

- Goal 1 Targeted capital investments in the Oregon Convention Center's physical plant that yield demonstrable marketing advantages.
 - Strategy A -- Green Building LEED Certification
 - Strategy B -- OCC Operational Advantage
 - Strategy C -- Headquarters Hotel Related Investments
- Goal 2 Assist the Visitor Development Fund with Oregon Convention Center Facility Costs.
 - Strategy A -- Offset Facility Costs when VDI allocation not fully funded
- Goal 3 Maintain the Oregon Convention Center in First Class Condition
 - Strategy A -- Ensure sufficient funds for basic OCC cleaning, maintenance, and event service.