

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 07-04

For the purpose of approving and transmitting the budgets for the MERC Fund for fiscal year 2007-2008.

WHEREAS, Metro Code 6.01.050(b)(c) & (d) provide 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; and

WHEREAS, the MERC Operating Fund and the MERC Pooled Capital Funds are now consolidated into one MERC Fund; and

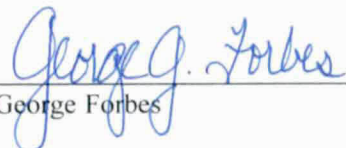
WHEREAS, the Budget Committee has reviewed the proposed budgets for the MERC Fund and recommends approval of the proposed budgets,

BE IT THEREFORE RESOLVED that the Metropolitan Exposition Recreation Commission approves and transmits to the Metro Council President for submission to the Metro Council the following budgets attached as Exhibit A for the fiscal year beginning July 1, 2007 and ending June 30, 2008 for inclusion as part of the total Metro budget for this period: MERC Fund

Passed by the Commission on February 28, 2007.

Approved as to Form:
Daniel B. Cooper, Metro Attorney

By: 
Nathan A. Schwartz Sykes
Senior Attorney


Chair – George Forbes


Secretary-Treasurer – Janice Marquis

MERC STAFF REPORT

Agenda Item: For the Purpose of approving and transmitting the budgets for the MERC Fund for Fiscal Year 2007-2008.

Resolution No. 07-04

Date: February 28, 2007

Presented by: Kathleen A. Taylor, Interim
General Manager/
Cynthia Hill, Analyst

Background and Analysis: Resolution 07-04 would approve the attached proposed budgets for submission to the Metro Council by a duly adopted resolution at a regular public meeting of the Commission.

Operationally, MERC is organized into several departments, the Oregon Convention Center, Portland Exposition Center, Portland Center for the Performing Arts, and MERC Administration. The operations and capital project activity have previously been budgeted in two separate funds. 2007-08 FY the two funds will be consolidated and appropriated as one fund. The MERC Fund is the official accounting entity containing the operating and capital resources and requirements of the departments managed by MERC.

MERC will continue to account for the operating and capital activity in separate cost centers with one financial report for all activity at each venue.

Discussion and Analysis: The Budget Committee, consisting of Commissioners Forbes, Marquis, and Trotter, reviewed the operating and capital budgets in detail. Based on current economic conditions, MERC's Strategic Plan and presentations by venues, staff developed the proposed MERC budget. Exhibit A is attached and includes the following information:

- MERC Budget Assumptions
- Changes from 1-25-2007 Commission Meeting
- Organizational Chart
- Budget Statement All Departments
- Five Year Capital Plan

The Budget was presented at the January Commission meeting. During the month of February staff has continued to review and make minor adjustments to the preliminary budget. A list of changes since the January meeting is included in Exhibit A. The 2007-08 budgets are forwarded to the full Commission for consideration, comment and passage.

The Budget Committee will be apprised and convened, if required, to review any information that may materially impact and may amend this budget anytime prior to Metro FY 2007-08 Budget Adoption. The Budget Committee will recommend changes to the Commission for approval.

Financial Impact: The proposed budget contemplates a slight decrease of \$5,131 to ending fund balance.

Recommendation: Staff recommends Adoption of Resolution No 07-04, for the purpose of approving and transmitting the budgets for the MERC Fund for Fiscal Year 2007-2008.



Metropolitan Exposition Recreation
Commission Meeting
February 28, 2007

Resolution 07-04
Exhibit A

MERC Budget
FY 2007-08

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MERC Budget Assumptions 2007-08 Fiscal Year

Budget Committee

- **December 5, 2006** - Distribute and review budget planning schedule and assumptions
- **January 24, 2007** - Staff presents preliminary budgets for MERC and five year Capital Plans

Major Changes for 2007-8 Fiscal Year

- Operating and capital funds will be appropriated as one fund
- Metro Council will not require additional contributions to the PERS Reserve
- PERS Reserve contributions through 2006-07 fiscal year will remain "Council Designated" pending Council action.
- The prior year PERS Reserve for the MERC Fund as of June 30, 2007 is estimated to be \$2.6 million
- Venues are contributing to a renewal and replacement reserve for the first time this year. MERC-wide contribution is \$295 thousand with the majority of contribution from OCC.

Goals

- The goal is a slightly better than break-even budget which results in a strategic fund balance of \$14.7 compared to a strategic goal of \$13.4 million:
 - OCC = 3 months operating expense plus 6 months MERC Admin
 - EXPO = 6 months operating expense plus \$1.2 million annual debt service payment for Hall D Replacement plus 6 month MERC Admin
 - PCPA = 6 months operating expense plus 6 months MERC Admin

Operating Revenues \$16.4 million 5.8% greater than current budget

- OCC \$6.9 million operating revenue before F&B
 - Rental rate increase 10% as of July 2007
 - Utilities costs continue to increase at rate greater than 3%
- EXPO \$3.7 million operating revenue before F&B
 - Rental rate increase 3%
- PCPA \$5.7 million operating revenue before F&B
 - Assumes 10 weeks of Broadway
 - A six month run of a show in the Winningstad Theater
 - Increased activity in Brunish Hall
 - Newmark rentals are higher as a result of no major resident company
 - Resident tenant user fee increasing \$0.25 per ticket
 - Ticket commission 20% increase due to more single ticket sales versus season ticket sales; a result of Newmark Theater being used by non resident users

Food & Beverage Revenues \$11 million 3.6% greater than current budget

- Food & Beverage Margin for Consolidated MERC is 23.2% which equals \$2.7 million net revenue
 - OCC \$7.6 million with 24.3% margin
 - Increase based on stronger convention business in 2007-08
 - EXPO \$2.1 million with 29.9% margin
 - Both catering and concession prices are scheduled for increases.
 - Revenue is 3.8% increase over the 2006-07 budget
 - PCPA \$1.4 million with 6.5% margin

Non - Operating Revenues

- Hotel/Motel Lodging Tax \$8.1 million
 - 3% increase over the 2006-07 FY tax allocation budget from Multnomah County
- VDI Enhanced Support
 - OCC is requesting \$400 thousand from the Visitor Development Fund.
 - PCPA is budgeting \$569 thousand from the Visitor Development Fund. This represents a 3% increase.

- Enhanced Marketing \$398 thousand.
- PCPA - City of Portland Special Appropriation
 - Contractual support is \$711 thousand – a 3% increase over 2006-07.
 - Dedicated to the upkeep of City owned facilities.
- Investment Earnings estimated at 4.25%

Personal Services

- Full time equivalent positions in 2007-08 are 183 FTE
- MERC employs approximately 345 Part-time staff in addition to the 183 Full time positions
- 4.00 FTE new positions in the 2007-08 budget
 - Add 3.00 FTE new positions at OCC
 - 1.00 FTE Electrician for building and equipment maintenance
 - 1.00 FTE Sales Manager based on the Headquarter Hotel becoming a reality. The recruitment process in second quarter
 - 1.00 FTE Accounting Coordinator for Operations Administration to work on exhibitor work orders and accounts payable
 - Add 1.00 FTE new position in MERC Administration
 - Public Affairs Coordinator to assist with effective implementation of MERC strategic plan public affairs and commutations priorities.
- Change to Allocation method for Personal Services
 - MERC Administration - Move to MERC Administration 2.00 FTE Construction Management positions previously allocated to individual Venue capital fund \$224 thousand
- FTE changes during the 2006-07 fiscal year
 - OCC converted 2 part-time positions to 1.00 FTE Account Executive
 - The Commission approved funding in October 2006 to increase 2.00 FTE in MERC Administration for a Business System Analyst and a Procurement and Contract Analyst
 - 15 FTE Stagehands are budgeted as Reimbursed Labor and previously not included in the full time FTE count in the position management system. It was determined stagehands work a full time schedule with overtime and have full time employee benefits, therefore should be included in the position management system
- Salary and Wage Adjustments Full-time Non-Represented
 - Assumes 4.5% merit pool
 - Assumes 1.5% other adjustments pool
- All Other Labor Groups
 - 3% inflation factor provided by Metro

Materials and Services

- Increase reflects utility cost increases, 3% CPI (unless more accurate estimate provided) and projected event activity.
- Aramark food & beverage expenses \$8.5 million for Consolidated MERC
- The marketing contract increases 5% plus \$100 thousand requested for costs associated with the proposed headquarters hotel. The \$100 thousand increase is contingent upon approval of the hotel project.
- VDI Enhanced Marketing \$398 thousand
- OCC has included \$250 thousand, continued funding for management consulting services for proposed Headquarter Hotel
- As recommended in the audit Report to Management \$60 thousand is budgeted for a separate audit of MERC operations
- MERC Administration/ Capital Project Management net increase over 2006-07 current budget is 6.09%
 - Variance driven \$223 thousand capital project management cost are included in the MERC Administration allocation instead of a transfer to the Capital Fund.
 - PCPA has fewer projects this year so the allocation of capital project management is more balanced between OCC and PCPA
- Metro Indirect Cost/Support Services is 1.9% less than 2006-07 FY

- Allocation factors changed from transaction and usage basis to operating budget basis
- Metro Risk Management Services increased 11.2% greater than 2006-07 FY
 - Property Insurance based on property values
 - Liability allocated based on three year average losses
 - Workers' Compensation based on three year average losses
 - Overall costs increased based on current actuarial recommendation.

Transfers

- Interfund Transfers In
 - \$670 thousand incoming transfer from METRO Tourism Opportunity and Competitiveness Account (MTOCA)
- Intrafund Transfers – Capital Projects
 - OCC \$289 thousand
 - EXPO \$50 thousand
 - PCPA (\$28 thousand)
- Intrafund Transfers – Establish Contingency for Renewal and Replacement Reserve
 - OCC \$225 thousand
 - EXPO \$20 thousand
 - PCPA \$50 thousand
- Debt Service
 - EXPO \$1.2 million debt service Hall D Replacement
 - OCC \$18.4 hundred for the Steel Bridge LID

Results

- Net decrease to fund balance is \$5,131 thousand
- Projected ending fund balance is \$17.4 million
- PERS Reserve \$2.5 million
- Designated User Fees for Phase 3 construction, estimated to be \$972 thousand (includes estimated fees collected through 6/30/08)
- \$14.7 million available for strategic fund balance compared to strategic fund balance goal of \$13.5 million
 - Fund balance includes MERC Pooled Capital funds as a result of appropriating MERC as one fund in 2007-08 FY

OCC One-time Expenditures and Designated Contingencies

- \$250 thousand for proposed headquarters hotel
- \$50 thousand to POVA for headquarters hotel marketing
- \$289 thousand capital projects
- \$225 thousand renewal and replacement contingency

Capital Projects

- Projects over \$100 thousand (Total of all projects \$1.3 million)
 - OCC – Replace 6' and 8' Rectangular Tables from original inventory \$125 thousand
 - OCC – Concept design to Rework the Dragon Café into Brew Pub \$100 thousand
 - OCC – Metro Tourism Opportunity and Competitiveness Account (MTOCA) project \$670 to be determined after:
 - MERC Commission recommendation
 - Metro Council Approval
- PCPA – House Sound System Replacement at the Arlene Schnitzer Concert Hall \$150 thousand

Five Year Capital Plan

- The five year Capital plan includes all projects and capital purchased over \$10 thousand requested by venues.

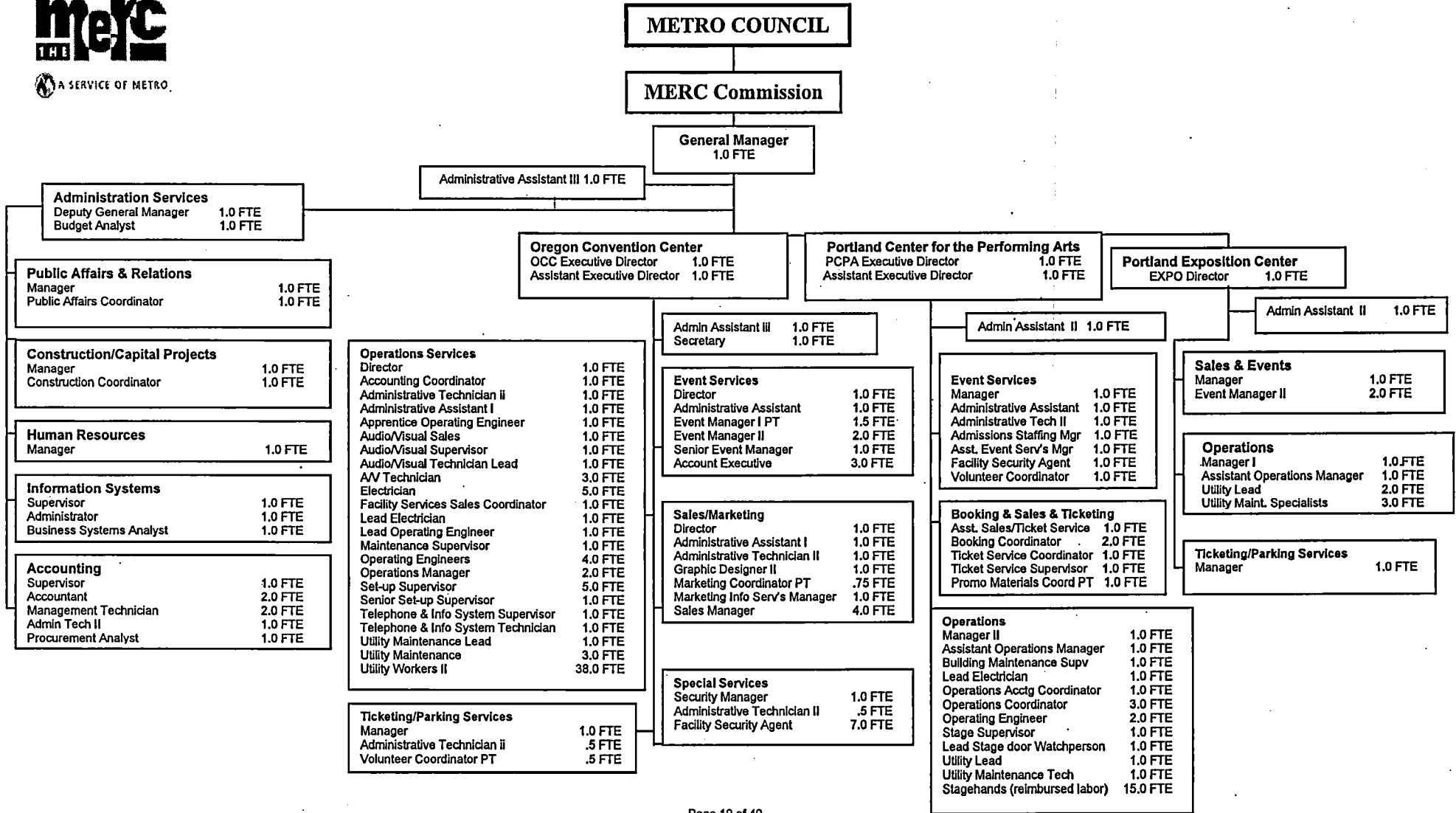
2007-08 Preliminary Budget Changes from 1-25-2007 Commission Meeting

| | <u>Expo</u> | <u>OCC</u> | <u>PCPA</u> | <u>Admin</u> | <u>Total</u> |
|--|---------------|------------------|----------------|-----------------|----------------|
| <u>Commission Meeting 1-24-2007</u> | | | | | |
| Preliminary Budget Fund Balance Inc (Dec) | 144,569 | (243,668) | (48,541) | 21,436 | (126,204) |
| Ending Fund Balance | 5,375,357 | 5,897,985 | 5,611,527 | 378,485 | 17,263,354 |
| <u>Adjustments</u> | | | | | |
| <u>Resources</u> | | | | | |
| Increase Food and Beverage Gratuity | | 81,825 | | | 81,825 |
| Increase Donations | | | 207,352 | | 207,352 |
| Increase City of Portland Support | | | 5,622 | | 5,622 |
| Increase Interest on Investments | 63,750 | | | | 63,750 |
| | | | | | - |
| <u>Uses</u> | | | | | |
| Increase Aramark F & B Overhead | | | (42,603) | | (42,603) |
| Decrease Annual Steel Bridge LID | | | | | - |
| Decrease Personal Services | 3,790 | (40,580) | | | (36,790) |
| Increase Food & Beverage 9 1/2 % profit to Aramark | | (183,154) | (9,380) | | (192,534) |
| Increase Capital for orchestra shell at Newmark | | | (14,000) | | (14,000) |
| Decrease Capital Outlay | | | | 49 | 49 |
| Increase Audit costs | | | | (20,000) | (20,000) |
| | | | | | - |
| Decrease Metro Indirect Support | 7,052 | 38,792 | 24,684 | | 70,528 |
| Decrease Metro Risk Liability | 3,080 | 9,240 | 2,346 | | 14,666 |
| Increase Metro Risk Workers' Comp | | (7,724) | (9,068) | | (16,792) |
| | | | | | - |
| Total Adjustments | 77,672 | (101,601) | 164,953 | (19,951) | 121,073 |
| <u>Commission Meeting 2-28-2007</u> | | | | | |
| Preliminary Budget Fund Balance Inc (Dec) | 222,241 | (345,269) | 116,412 | 1,485 | (5,131) |
| Ending Fund Balance, with Adjustments | 5,453,029 | 5,796,384 | 5,776,480 | 358,534 | 17,384,427 |
| Revised Beginning Balance Estimate | | | | 18,564 | 18,564 |
| Revised Ending Fund Balance | 5,453,029 | 5,796,384 | 5,776,480 | 377,098 | 17,402,991 |
| F & B Margin | 29.9% | 24.3% | 6.5% | | 23.2% |
| Full Time Employees | 13.30 | 107.30 | 43.40 | | 164.00 |

15 FTE Stagehands at PCPA are added to the position management system FTE effective in 2006-07 FY. These are not new positions they are budgeted as reimbursable labor. It was determined the 15 FTE actually work a full time schedule and receive full benefit packages, therefore should be included in position management.



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**Metropolitan Exposition-Recreation Commission
MERC Budget Statement
All Departments**

| | Prior Year | Current Year | Next Year Budget | Change | % Change |
|---------------------------------------|--------------------|--------------------|--------------------|------------------|-----------------|
| | Actual | Budget | | | |
| | June-06 | June-07 | June-08 | | |
| Operating | | | | | |
| Revenue | 15,482,886 | 15,481,570 | 16,385,239 | 903,669 | 5.8% |
| Revenue - Food and Beverage | 10,794,713 | 10,711,809 | 11,097,449 | 385,640 | 3.6% |
| Costs - Food and Beverage | (8,496,031) | (8,462,996) | (8,525,795) | (62,799) | 0.7% |
| Personal Services | (13,924,389) | (15,441,792) | (16,672,142) | (1,230,350) | 8.0% |
| Goods & Services | (5,288,473) | (6,051,307) | (6,677,643) | (626,336) | 10.4% |
| Marketing | (2,440,900) | (2,409,614) | (2,623,553) | (213,939) | 8.9% |
| | (3,872,193) | (6,172,330) | (7,016,445) | (844,115) | 13.7% |
| Non Operating | | | | | |
| Transient, Lodging Tax | 8,769,877 | 8,794,328 | 9,419,249 | 624,921 | 7.1% |
| Government Support City of Portland | - | 687,200 | 711,375 | 24,175 | 3.5% |
| Non-Operating Revenue | 1,152,184 | 370,554 | 628,116 | 257,562 | 69.5% |
| Non-Operating Expense | - | (2,500) | (2,500) | - | 0.0% |
| | 9,922,061 | 9,849,582 | 10,756,240 | 906,658 | 9.2% |
| Support and Risk Management | | | | | |
| MERC Administration | - | - | - | - | n/a |
| Metro Support Services | (2,074,728) | (2,364,217) | (1,693,465) | 670,752 | -28.4% |
| Metro Risk Management | - | - | (627,565) | (627,565) | n/a |
| | (2,074,728) | (2,364,217) | (2,321,030) | 43,187 | -1.8% |
| Net Increase (Decrease) | 3,975,139 | 1,313,035 | 1,418,765 | 105,730 | 8.1% |
| Transfers | | | | | |
| Intrafund Transfers | - | - | (555,848) | (555,848) | n/a |
| Transfers to | (664,816) | (423,903) | - | 423,903 | -100.0% |
| Transfers from | 192,943 | - | - | - | n/a |
| Debt Service | (1,234,579) | (871,699) | (1,208,283) | (336,584) | 38.6% |
| Net Transfers | (1,706,452) | (1,295,602) | (1,764,131) | (468,529) | 36.2% |
| Net Operations | 2,268,687 | 17,433 | (345,366) | (362,799) | -2081.1% |
| Capital | | | | | |
| Capital Outlay | (1,995,807) | (3,187,860) | (1,231,435) | 1,956,425 | -61.4% |
| Construction Management | (561,466) | (222,306) | - | 222,306 | -100.0% |
| Goods & Services | (48,315) | (86,490) | - | 86,490 | -100.0% |
| Non-Operating Revenue | 581,545 | 75,003 | 346,102 | 271,099 | 361.5% |
| Non-Operating Expense | - | - | - | - | n/a |
| Intrafund Transfers | - | - | 555,848 | 555,848 | n/a |
| Transfers to | - | - | - | - | n/a |
| Transfers from | 595,408 | 1,748,367 | 669,720 | (1,078,647) | -61.7% |
| Net Capital | (1,428,634) | (1,673,286) | 340,235 | 2,013,521 | -120.3% |
| Fund Balance Inc (Dec) | 840,053 | (1,655,853) | (5,131) | 1,650,722 | -99.7% |
| Food and Beverage Gross Margin | 21.3% | 21.0% | 23.2% | 2.2% | |
| Full Time Employees | 156.00 | 163.00 | 168.00 | 5.00 | 3.1% |
| Fund Balance | | | | | |
| Beginning Fund Balance | 17,951,308 | 18,791,361 | 17,408,122 | (1,383,239) | -7.4% |
| Fund Balance Inc (Dec) | 840,053 | (1,655,853) | (5,131) | 1,650,722 | -99.7% |
| Ending Fund Balance | 18,791,361 | 17,135,508 | 17,402,991 | 267,483 | 1.6% |
| Unrestricted Fund Balance | 16,364,361 | 11,813,942 | 11,512,268 | (301,674) | -2.6% |
| Contingency | - | 1,999,236 | 2,068,393 | 69,157 | 3.5% |
| Contingency for Renewal & Replacement | - | - | 295,000 | 295,000 | n/a |
| Designated for Phase 3 | 552,162 | 767,162 | 972,162 | 205,000 | 26.7% |
| Reserves PERS (restricted) | 1,874,838 | 2,555,168 | 2,555,168 | - | 0.0% |
| Ending Fund Balance | 18,791,361 | 17,135,508 | 17,402,991 | 267,483 | 1.6% |

**Metropolitan Exposition-Recreation Commission
MERC Budget Statement
Portland Exposition Center**

| | Current Year | | | Change | % Change |
|---------------------------------------|------------------------------|-------------------|-----------------------------|------------------|---------------|
| | Prior Year Actual June-06 | Budget June-07 | Next Year Budget June-08 | | |
| Operating | | | | | |
| Revenue | 3,484,471 | 3,689,885 | 3,744,448 | 54,563 | 1.5% |
| Revenue - Food and Beverage | 1,984,586 | 2,054,000 | 2,131,842 | 77,842 | 3.8% |
| Costs - Food and Beverage | (1,385,327) | (1,551,200) | (1,494,419) | 56,781 | -3.7% |
| Personsal Services | (1,320,980) | (1,406,787) | (1,470,092) | (63,305) | 4.5% |
| Goods & Services | (1,047,957) | (1,081,670) | (1,178,537) | (96,867) | 9.0% |
| | 1,714,795 | 1,704,228 | 1,733,242 | 29,014 | 1.7% |
| Non Operating | | | | | |
| Non-Operating Revenue | 112,761 | 100,000 | 148,200 | 48,200 | 48.2% |
| Non-Operating Expense | - | - | - | - | n/a |
| | 112,761 | 100,000 | 148,200 | 48,200 | 48.2% |
| Support and Risk Management | | | | | |
| MERC Administration | (146,128) | (200,380) | (236,228) | (35,848) | 17.9% |
| Metro Support Services | (213,265) | (241,004) | (169,347) | 71,657 | -29.7% |
| Metro Risk Management | - | - | (77,445) | (77,445) | n/a |
| | (359,393) | (441,384) | (483,020) | (41,636) | 9.4% |
| Net Increase (Decrease) | 1,468,162 | 1,362,844 | 1,398,422 | 35,578 | 2.6% |
| Transfers | | | | | |
| Intrafund Transfers | - | - | (70,000) | (70,000) | n/a |
| Transfers to | (249,410) | (99,903) | - | 99,903 | -100.0% |
| Transfers from | - | - | - | - | n/a |
| Debt Service | (1,215,134) | (852,800) | (1,189,931) | (337,131) | 39.5% |
| Net Transfers | (1,464,544) | (952,703) | (1,259,931) | (307,228) | 32.2% |
| Net Operations | 3,618 | 410,141 | 138,491 | (271,650) | -66.2% |
| Capital | | | | | |
| Capital Outlay | (54,337) | (65,000) | (50,000) | 15,000 | -23.1% |
| Construction Management | (29,684) | (33,284) | - | 33,284 | -100.0% |
| Goods & Services | (33,315) | (16,490) | - | 16,490 | -100.0% |
| Non-Operating Revenue | 60,128 | 50,236 | 63,750 | 13,514 | 26.9% |
| Non-Operating Expense | - | - | - | - | n/a |
| Intrafund Transfers | - | 80,000 | 70,000 | (10,000) | -12.5% |
| Transfers to | - | - | - | - | n/a |
| Transfers from | 134,300 | 99,903 | - | (99,903) | -100.0% |
| Net Capital | 77,092 | 115,365 | 83,750 | (31,615) | -27.4% |
| Fund Balance Inc (Dec) | 80,710 | 525,506 | 222,241 | (303,265) | -57.7% |
| Food and Beverage Gross Margin | 30.2% | 24.5% | 29.9% | 5.4% | |
| Full Time Employees | 13.14 | 13.60 | 13.30 | (0.30) | -2.2% |
| Fund Balance | | | | | |
| Beginning Fund Balance | 4,721,014 | 4,801,724 | 5,230,788 | 429,064 | 8.9% |
| Fund Balance Inc (Dec) | 80,710 | 525,506 | 222,241 | (303,265) | -57.7% |
| Ending Fund Balance | 4,801,724 | 5,327,230 | 5,453,029 | 125,799 | 2.4% |
| Unrestricted Fund Balance | 4,073,380 | 3,861,200 | 3,773,585 | (87,615) | -2.3% |
| Contingency | - | 461,586 | 450,000 | (11,586) | -2.5% |
| Contingency for Renewal & Replacement | - | - | 20,000 | 20,000 | n/a |
| Designated for Phase 3 | 552,162 | 767,162 | 972,162 | 205,000 | 26.7% |
| Reserves PERS (restricted) | 176,182 | 237,282 | 237,282 | - | 0.0% |
| Ending Fund Balance | 4,801,724 | 5,327,230 | 5,453,029 | 125,799 | 2.4% |

Metropolitan Exposition-Recreation Commission
MERC Budget Statement
Oregon Convention Center

| | Current Year | | Next Year Budget June-08 | Change | % Change |
|---------------------------------------|------------------------------|--------------------|-----------------------------|------------------|----------------|
| | Prior Year Actual June-06 | Budget June-07 | | | |
| Operating | | | | | |
| Revenue | 6,090,056 | 6,515,452 | 6,935,446 | 419,994 | 6.4% |
| Revenue - Food and Beverage | 7,216,868 | 7,337,010 | 7,586,100 | 249,090 | 3.4% |
| Costs - Food and Beverage | (5,745,565) | (5,652,758) | (5,741,227) | (88,469) | 1.6% |
| Personsal Services | (7,278,532) | (7,709,459) | (7,980,387) | (270,928) | 3.5% |
| Goods & Services | (2,523,220) | (2,953,594) | (3,269,603) | (316,009) | 10.7% |
| Marketing POVA | (2,440,900) | (2,409,614) | (2,623,553) | (213,939) | 8.9% |
| | (4,681,293) | (4,872,963) | (5,093,224) | (220,261) | 4.5% |
| Non Operating | | | | | |
| Transient, Lodging Tax | 7,305,273 | 6,919,112 | 7,431,156 | 512,044 | 7.4% |
| Non-Operating Revenue | 173,245 | 150,000 | 212,500 | 62,500 | 41.7% |
| Non-Operating Expense | - | - | - | - | n/a |
| | 7,478,517 | 7,069,112 | 7,643,656 | 574,544 | 8.1% |
| Support and Risk Management | | | | | |
| MERC Administration | (810,154) | (1,102,090) | (1,299,255) | (197,165) | 17.9% |
| Metro Support Services | (1,210,108) | (1,370,392) | (931,405) | 438,987 | -32.0% |
| Metro Risk Management | - | - | (357,489) | (357,489) | n/a |
| | (2,020,262) | (2,472,482) | (2,588,149) | (115,667) | 4.7% |
| Net Increase (Decrease) | 776,963 | (276,333) | (37,717) | 238,616 | -86.4% |
| Transfers | | | | | |
| Intrafund Transfers | - | - | (514,200) | (514,200) | n/a |
| Transfers to | (298,585) | (324,000) | - | 324,000 | -100.0% |
| Transfers from | 192,943 | - | - | - | n/a |
| Debt Service | (19,445) | (18,899) | (18,352) | 547 | -2.9% |
| Net Transfers | (125,087) | (342,899) | (532,552) | (189,653) | 55.3% |
| Net Operations | 651,875 | (619,232) | (570,269) | 48,963 | -7.9% |
| Capital | | | | | |
| Capital Outlay | (587,397) | (2,540,128) | (958,920) | 1,581,208 | -62.2% |
| Construction Management | (56,811) | (33,694) | - | 33,694 | -100.0% |
| Goods & Services | - | - | - | - | n/a |
| Non-Operating Revenue | 135,895 | 13,125 | - | (13,125) | -100.0% |
| Non-Operating Expense | - | - | - | - | n/a |
| Intrafund Transfers | - | (80,000) | 514,200 | 594,200 | -742.8% |
| Transfers to | - | - | - | - | n/a |
| Transfers from | - | 1,648,464 | 669,720 | (978,744) | -59.4% |
| Net Capital | (508,313) | (992,233) | 225,000 | 1,217,233 | -122.7% |
| Fund Balance Inc (Dec) | 143,563 | (1,611,465) | (345,269) | 1,266,196 | -78.6% |
| Food and Beverage Gross Margin | 20.4% | 23.0% | 24.3% | 1.4% | |
| Full Time Employees | 103.92 | 103.60 | 107.30 | 3.70 | 3.6% |
| Fund Balance | | | | | |
| Beginning Fund Balance | 7,198,953 | 7,342,516 | 6,141,653 | (1,200,863) | -16.4% |
| Fund Balance Inc (Dec) | 143,563 | (1,611,465) | (345,269) | 1,266,196 | -78.6% |
| Ending Fund Balance | 7,342,516 | 5,731,051 | 5,796,384 | 65,333 | 1.1% |
| Unrestricted Fund Balance | 6,371,404 | 3,503,914 | 3,162,623 | (341,291) | -9.7% |
| Contingency | - | 907,017 | 1,088,641 | 181,624 | 20.0% |
| Contingency for Renewal & Replacement | - | - | 225,000 | 225,000 | n/a |
| Reserves PERS (restricted) | 971,112 | 1,320,120 | 1,320,120 | - | 0.0% |
| Ending Fund Balance | 7,342,516 | 5,731,051 | 5,796,384 | 65,333 | 1.1% |

Metropolitan Exposition-Recreation Commission
MERC Budget Statement
Portland Center for the Performing Arts

| | Current Year | | | Change | % Change |
|---------------------------------------|------------------------------|--------------------|-----------------------------|------------------|----------------|
| | Prior Year Actual June-06 | Budget June-07 | Next Year Budget June-08 | | |
| Operating | | | | | |
| Revenue | 5,864,203 | 5,239,963 | 5,671,845 | 431,882 | 8.2% |
| Revenue - Food and Beverage | 1,593,259 | 1,320,799 | 1,379,507 | 58,708 | 4.4% |
| Costs - Food and Beverage | (1,365,140) | (1,259,038) | (1,290,149) | (31,111) | 2.5% |
| Personsal Services | (4,367,758) | (4,916,493) | (5,304,483) | (387,990) | 7.9% |
| Goods & Services | (1,409,699) | (1,509,980) | (1,762,901) | (252,921) | 16.7% |
| | 314,864 | (1,124,749) | (1,306,181) | (181,432) | 16.1% |
| Non Operating | | | | | |
| Transient, Lodging Tax | 1,464,604 | 1,875,216 | 1,988,093 | 112,877 | 6.0% |
| Government Support City of Portland | - | 687,200 | 711,375 | 24,175 | 3.5% |
| Non-Operating Revenue | 882,922 | 117,441 | 259,416 | 141,975 | 120.9% |
| Non-Operating Expense | - | (2,500) | (2,500) | - | 0.0% |
| | 2,347,526 | 2,677,357 | 2,956,384 | 279,027 | 10.4% |
| Support and Risk Management | | | | | |
| MERC Administration | (508,559) | (701,329) | (826,799) | (125,470) | 17.9% |
| Metro Support Services | (651,355) | (752,821) | (592,713) | 160,108 | -21.3% |
| Metro Risk Management | - | - | (192,631) | (192,631) | n/a |
| | (1,159,914) | (1,454,150) | (1,612,143) | (157,993) | 10.9% |
| Net Increase (Decrease) | 1,502,476 | 98,458 | 38,060 | (60,398) | -61.3% |
| Transfers | | | | | |
| Intrafund Transfers | - | - | 28,352 | 28,352 | n/a |
| Transfers to | (43,690) | - | - | - | n/a |
| Transfers from | - | - | - | - | n/a |
| Net Transfers | (43,690) | - | 28,352 | 28,352 | n/a |
| Net Operations | 1,458,786 | 98,458 | 66,412 | (32,046) | -32.5% |
| Capital | | | | | |
| Capital Outlay | (1,001,346) | (331,540) | (204,000) | 127,540 | -38.5% |
| Construction Management | (473,462) | (155,328) | - | 155,328 | -100.0% |
| Goods & Services | (15,000) | (70,000) | - | 70,000 | -100.0% |
| Non-Operating Revenue | 385,667 | 11,250 | 282,352 | 271,102 | 2409.8% |
| Non-Operating Expense | - | - | - | - | n/a |
| Intrafund Transfers | - | - | (28,352) | (28,352) | n/a |
| Transfers to | - | - | - | - | n/a |
| Transfers from | - | - | - | - | n/a |
| Net Capital | (1,104,140) | (545,618) | 50,000 | 595,618 | -109.2% |
| Fund Balance Inc (Dec) | 354,646 | (447,160) | 116,412 | 563,572 | -126.0% |
| Food and Beverage Gross Margin | 14.3% | 4.7% | 6.5% | 1.8% | |
| Full Time Employees | 27.94 | 29.80 | 43.40 | 13.60 | 45.6% |
| Fund Balance | | | | | |
| Beginning Fund Balance | 5,903,397 | 6,258,043 | 5,660,068 | (597,975) | -9.6% |
| Fund Balance Inc (Dec) | 354,646 | (447,160) | 116,412 | 563,572 | -126.0% |
| Ending Fund Balance | 6,258,043 | 5,810,883 | 5,776,480 | (34,403) | -0.6% |
| Unrestricted Fund Balance | 5,651,789 | 4,444,210 | 4,482,926 | 38,716 | 0.9% |
| Contingency | - | 557,520 | 434,401 | (123,119) | -22.1% |
| Contingency for Renewal & Replacement | - | - | 50,000 | 50,000 | n/a |
| Reserves PERS (restricted) | 606,254 | 809,153 | 809,153 | - | 0.0% |
| Ending Fund Balance | 6,258,043 | 5,810,883 | 5,776,480 | (34,403) | -0.6% |

Metropolitan Exposition-Recreation Commission
MERC Budget Statement
MERC Administration

| | Current Year | | | Change | % Change |
|---------------------------------------|------------------------------|--------------------|-----------------------------|------------------|----------------|
| | Prior Year Actual June-06 | Budget June-07 | Next Year Budget June-08 | | |
| Operating | | | | | |
| Revenue | 44,156 | 36,270 | 33,500 | (2,770) | -7.6% |
| Personsal Services | (957,119) | (1,409,053) | (1,917,180) | (508,127) | 36.1% |
| Goods & Services | (307,597) | (506,063) | (466,602) | 39,461 | -7.8% |
| | (1,220,560) | (1,878,846) | (2,350,282) | (471,436) | 25.1% |
| Non Operating | | | | | |
| Non-Operating Revenue | (16,743) | 3,113 | 8,000 | 4,887 | 157.0% |
| Non-Operating Expense | - | - | - | - | n/a |
| | (16,743) | 3,113 | 8,000 | 4,887 | 157.0% |
| Support and Risk Management | | | | | |
| MERC Administration | 1,464,841 | 2,003,799 | 2,362,282 | 358,483 | 17.9% |
| Metro Risk Management | - | - | - | - | n/a |
| | 1,464,841 | 2,003,799 | 2,362,282 | 358,483 | 17.9% |
| Net Increase (Decrease) | 227,538 | 128,066 | 20,000 | (108,066) | -84.4% |
| Transfers | | | | | |
| Intrafund Transfers | - | - | - | - | n/a |
| Transfers to | (73,131) | - | - | - | n/a |
| Transfers from | - | - | - | - | n/a |
| Net Transfers | (73,131) | - | - | - | n/a |
| Net Operations | 154,407 | 128,066 | 20,000 | (108,066) | -84.4% |
| Capital | | | | | |
| Capital Outlay | (352,727) | (251,192) | (18,515) | 232,677 | -92.6% |
| Construction Management | (1,510) | - | - | - | n/a |
| Goods & Services | - | - | - | - | n/a |
| Non-Operating Revenue | (145) | 392 | - | (392) | -100.0% |
| Non-Operating Expense | - | - | - | - | n/a |
| Intrafund Transfers | - | - | - | - | n/a |
| Transfers to | - | - | - | - | n/a |
| Transfers from | 461,108 | - | - | - | n/a |
| Net Capital | 106,727 | (250,800) | (18,515) | 232,285 | -92.6% |
| Fund Balance Inc (Dec) | 261,134 | (122,734) | 1,485 | 124,219 | -101.2% |
| Full Time Employees | 11.00 | 16.00 | 19.00 | 3.00 | 18.8% |
| Fund Balance | | | | | |
| Beginning Fund Balance | 127,944 | 389,078 | 375,613 | (13,465) | -3.5% |
| Fund Balance Inc (Dec) | 261,134 | (122,734) | 1,485 | 124,219 | -101.2% |
| Ending Fund Balance | 389,078 | 266,344 | 377,098 | 110,754 | 41.6% |
| Unrestricted Fund Balance | 267,788 | 4,618 | 93,134 | 88,516 | 1916.8% |
| Contingency | - | 73,113 | 95,351 | 22,238 | 30.4% |
| Contingency for Renewal & Replacement | - | - | - | - | n/a |
| Designated for Phase 3 | - | - | - | - | n/a |
| Reserves PERS (restricted) | 121,290 | 188,613 | 188,613 | - | 0.0% |
| Ending Fund Balance | 389,078 | 266,344 | 377,098 | 110,754 | 41.6% |

**Metropolitan Exposition Recreation Commission
Five Year Capital Plan
2007-08 through 2011-12 Fiscal Years**

| | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| <u>Oregon Convention Center</u> | | | | | |
| 32 Foot Scissor Lift | 25,000 | | | | |
| Add Hall B to New Light Control System (parts only) | 36,000 | | | | |
| Add A,B,C Mtg Rms to Lighting Control System (parts only) | 58,000 | | | | |
| Add 150 KVA Elec Transformer for Show Utility Hookups (parts) | 10,000 | | | | |
| Replace 6' & 8" Rectangular Tables from Original Inventory | 125,000 | | | | |
| Chrome Man Door Replacement Closure | 19,200 | | | | |
| Rework Pay Phone Bank Area (4) | 16,000 | | | | |
| Rework Dragon Café' to Brew Pub Concept | 100,000 | | | | |
| MTOCA Project TBA (Resurface & Repair Exhibit Hall A, Oregon BR, ABC Mtg Rms) | 669,720 | | | | |
| Construction of Headquarter Hotel connection & signage | | 450,000 | 450,000 | | |
| Cover the plaza on MLK and Holladay with Glass | | | | 5,000,000 | |
| Replace Glass in Exterior Canopies in MLK & Holladay | | | 65,000 | | |
| Rework Oregon Ballroom Capabilities-more breakouts | | 1,500,000 | | | |
| Replace Tile Floor in All Restrooms in Original Bldg. | | 300,000 | | | |
| Seal Brick on Bldg and Raised Planters | | 90,000 | | | |
| Upgrade for Telecom Technologies for Voiceover IP/Event Computer Upgrade | | 78,000 | | | |
| New & Replace Fiberglass Panels for Service Corridors | | 22,500 | | | |
| AV Lighting Package Purchase for Shows | | 45,000 | | | |
| Construct Operations Office and Add Additional Conf. Mtg Space | | | 1,200,000 | | |
| Install Electronic Swipe Locking System for Mtg & Ballrooms | | | | 300,000 | |
| Upgrade Kitchen Compactor & Storage for Efficiency | | 1,000,000 | | | |
| Rehab/Renovate Skyview Terrace & VIP B Suite | | | 250,000 | | |
| Replace Original Roof | | | | | 1,600,000 |
| Total Oregon Convention Center | 1,058,920 | 3,485,500 | 1,965,000 | 5,300,000 | 1,600,000 |

* All items not approved with funding on an annual basis will be considered unfunded

** Aramark Reserve Budget in Food and Beverage profit center

**Metropolitan Exposition Recreation Commission
Five Year Capital Plan
2007-08 through 2011-12 Fiscal Years**

| | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> | <u>2010-11</u> | <u>2011-2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| <u>Portland Center for Performing Arts</u> | | | | | |
| ASCH - House Sound System Replacement | 150,000 | | | | |
| Keller Loft Blocks | 10,000 | | | | |
| Newmark Theater Stage Masking | 30,000 | | | | |
| Newmark Theater Orchestra Shell | 14,000 | | | | |
| Keller Boilers Replacement | | | | 90,000 | |
| Total Portland Center for Performing Arts | 204,000 | - | - | 90,000 | - |
| <u>Portland Expo Center</u> | | | | | |
| Parking Lot Removal and Replacement | | 50,000 | 50,000 | 50,000 | 50,000 |
| Hall E exhaust Fans | | | | | |
| Telephone switch and software replacement | 50,000 | | | | |
| Total Portland Expo Center | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Total MERC | 1,312,920 | 3,535,500 | 2,015,000 | 5,440,000 | 1,650,000 |

** All items not approved with funding on an annual basis will be considered unfunded*

Metropolitan Exposition Recreation Commission
Unfunded Projects
2007-08 FY

| <i>Description</i> | <i>Estimated Costs</i> |
|---|------------------------|
| <u>Portland Center for Performing Arts</u> | |
| Keller Rehearsal Hall | TBD |
| Arlene Schnitzer Concert Hall Renovation | TBD |
| <u>Portland Expo Center</u> | |
| Bleacher Upgrade for Safety Requirements | TBD |
| Compactor and 40 yard compactor Box | TBD |
| Hall C Heater Replacement | TBD |
| Hall C Roof Replacement | TBD |
| Hall E Lobby Carpet | TBD |
| North Tri-Met Canopy | TBD |
| Phase III | TBD |
| Replacement of Halls A, B and C | |
| Redirect South Access Drive | |
| South Access Drive road repair | |