

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 09-06

For the Purpose of Adopting New Resident Company User Fee rates and rental rates for Resident Companies and Non-profit users at the Portland Center for the Performing Arts, effective July 1, 2009.

WHEREAS, the user fees for the Oregon Symphony, Portland Opera, and Oregon Ballet Theatre were to increase per MERC Resolution 07-14 in fiscal year 2009-2010; and

WHEREAS, the economic downturn has presented extraordinary hardships on the resident companies and other non-profit companies; and

WHEREAS, PCPA has established reserves that allows it to provide some financial relief to the companies it has a mandate to support;

BE IT THEREFORE RESOLVED AS FOLLOWS:

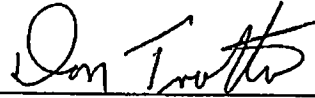
1. That the Metropolitan Exposition Recreation Commission hereby adopts new Resident Company user fee rates at the Portland Center for the Performing Arts for the Oregon Symphony, Portland Opera, and Oregon Ballet Theatre effective July 1, 2009 as follows and as described in the attached Staff Report:

FY 2009-2010	\$0.50
FY 2010-2011	\$1.00
FY 2011-2012	\$1.50
FY 2012-2013	\$2.00

2. That the user fees for Oregon Children's Theatre, Tears of Joy Puppet Theatre, and Portland Youth Philharmonic shall remain unchanged from those set in MERC Resolution 07-14 until further consideration and action by the Commission;
3. That Commercial and other non-profit user fees shall remain unchanged from those set in MERC Resolution 07-14 at 6% of the ticket price until further consideration and action by the Commission;
4. That rental fees for Resident Companies and Non-Profit companies shall be increased as follows:

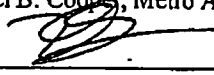
FY 2009-2010	No increase
FY 2010-2011	No increase
FY 2011-2012	CPI/minimum 3%
FY 2012-2013	CPI/minimum 3%

Passed by the Commission on May 27, 2009.



Chair

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

By: 
Nathan A. Schwartz Sykes, Senior Attorney


Secretary-Treasurer

MERC Staff Report

Agenda Item/Issue: For the Purpose of Adopting New Resident Company user fee and rental rates at the Portland Center for the Performing Arts, effective July 1, 2009.

Resolution No.: 09-06

Presented By: Robyn Williams

Date: May 27, 2009

Background and Analysis:

History

In 1995, the Commission established criteria that would allow 9 performing arts organizations resident company status at PCPA facilities. These organizations would have priority booking capabilities as well as a rent and rate structure providing deeply discounted rates and fees. (Today, only 6 remain as resident companies of PCPA.) It was stated that the intent of the four halls of PCPA were to serve as the primary performance spaces for a group of local performing arts organizations who produce and develop their art form locally and contribute to the following objectives:

1. Provide PCPA with regular, predictable programs of events with an array of performance arts-music, dance, theater.
2. Enhance the financial stability of these resident companies.
3. Financial support will allow the resident companies to continue to offer low or no cost events.
4. Maintain educational efforts and childrens performances

Resident companies must be a 501(c)3, have a subscription season at PCPA and book a minimum of 3 events and 20 performances. (Presentation of events other than the company's regular art form or one that involves a non-local production are not eligible for resident company rates/fees.)

Current situation

PCPA's resident companies are facing economic challenges as the result of the economic downturn. While tickets sales are generally solid or up over the previous year funding from individual donors, sponsors and foundations has dropped dramatically. PCPA's companies are taking drastic steps to keep themselves financially viable through paycuts and layoffs, furloughs and reduced programs. Their situation is critical and they are seeking assistance from PCPA-most particularly the Oregon Ballet, Oregon Symphony and Portland Opera.

Recommendation

User Fees

PCPA recommends a steep cut in user fee for FY10; gradually increasing over the next 3 years to the FY10 proposed level. Rental rates would not increase for 2 years, then resume CPI/minimum 3% increases in subsequent years as has been the past practice.

FY10 \$0.50

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FY11 \$1.00
FY12 \$1.50
FY13 \$2.00

The user fee for Oregon Children's Theater, Tears of Joy Puppet Theater and Portland Youth Philharmonic will remain at the \$0.50 that was set in 1996. (The \$0.50 is for public performances only. Student shows remain at 4% of the ticket price-which averages \$5.00 or less. This rate also applies to the student shows of all resident companies.)

Rental Rates

PCPA recommends holding the current rate for the resident companies and non-profit users for the first two years then resuming an annual increase of CPI/minimum of 3%.

FY10 No increase
FY11 No increase
FY12 CPI/minimum 3%
FY13 CPI/minimum 3%

Miscellaneous

PCPA recommends that no interest be charged on past due accounts for the resident companies for FY10-12. PCPA does not budget this amount but this has been in the range of approximately \$10,000 annually. PCPA will closely monitor any past due accounts and stay in communication with any company carrying a balance in regards to a payment plan.

Reason for action

PCPA has a mandated mission to support its resident companies. It currently has adequate reserves to provide this support to them at a desperate time. PCPA anticipates its business will remain strong during this period and will have adequate funds to cover a pre-forecasted decline in the transient lodging tax (TLT). This action will reflect a strong show of support for Portland's premier arts organizations and is an appropriate use of PCPA reserves.

Note: If TLT drops more dramatically than anticipated, or is lost entirely, PCPA will not be able to sustain this support for its resident companies. PCPA would need to come back to the commission with an alternative rate and fee plan that would keep PCPA in operation.

Fiscal Impact:

For the FY10 budget, the decreased user fee and flat rental rate will result in a budgeted revenue drop of \$346,000.

Recommendation: Staff recommends that the Metropolitan Exposition Recreation Commission adopt Resolution 09-06, For the Purpose of Adopting New Resident Company user fee and rental rates at the Portland Center for the Performing Arts, effective July 1, 2009.