

**Council Convention Center Committee
Minutes
November 12 1987, 4 p.m.
Convention Center Offices**

The meeting convened at 4:15 p.m. In attendance were Councilors Ragsdale, Van Bergen, Waker, and Cooper.

Guests: Lee Fehrenkamp, ERC Director, Kathy Shelton, ERC Staff.

The minutes of the previous meeting^(11/3/87) were approved without objection.

I. The ZGF Contract Transportation Amendments:

Neil McFarlane presented the proposed amendments to the ZGF contract relating to transportation issues. He summarized the need for the amendment to accommodate the new MBE/WBE standards; to address the demands of the site location; and to acknowledge the consultant relationship with David Evans. He clarified that the ZGF amendments related only to on-site issues.

Councilor Waker stated that the Project's commitment was to on-site improvements and that the multiple off-site improvements under discussion were not contemplated to be funded by the Project in amounts exceeding the project's budget.

He referred to the 10/26 letter from the City to Tom Walsh. He said that AC/DC would budget no more than \$600,000 for the proposed new light rail station.

II. Rate Proposal

Lee Fehrenkamp distributed the revised rate recommendation proposal. He reviewed the process for reaching the recommendations and for setting the five rate categories (See minutes of November 3, 1987) Councilor Ragsdale asked if rates were heavily negotiated. Fehrenkamp concurred. He noted that the proposed rates fell within the projection of Laventhol and Horwath. Fehrenkamp noted that Seattle and San Diego, both building new facilities, did not yet have rates. Thus, by setting rates, Portland is positioned better in the market.

Discussion about ballroom rates raised the issue of ballroom competition with existing hotel facilities. Fehrenkamp responded that because the space was larger than any other in the city, it need not be directly competitive with existing facilities.

also requested to provide a simplified summary that assesses the status of the monthly budget report. Marketing contracts were also noted and staff was requested to provide additional detail about the expenditure of funds for marketing contracts.

The meeting adjourned at 5:25 p.m.

Submitted by:

Kim Duncan

November 12, 1987

CONVENTION CENTER PROJECT
MAJOR CONTRACTS

The Convention Center Project administers three major contracts: a contract with Zimmer Gunsul Frasca Partnership (ZGF) for design services; a contract with Turner Construction Company for construction management; and a contract with the Portland Development Commission (PDC) to acquire and clear the site. The structure of each contract is different, so the administration and tracking are different.

ZIMMER GUNSUL FRASCA PARTNERSHIP - DESIGN SERVICES

The original lump sum contract with Zimmer Gunsul Frasca set \$3,763,500 as compensation for design services. This amount was divided into the six design phases of the project, with a portion of the compensation allotted to each phase. Subsequent contract amendments have added 1% for art (\$18,500) and printing (\$200,000).

At the beginning of each month ZGF submits an invoice for the work completed in the previous month. The invoice is reviewed for accuracy and submitted for payment. Project staff meet at least weekly with the architects and are aware of the pace of work.

During contract negotiations, Price Waterhouse reviewed ZGF's tracking, accounting and billing arrangements and found them to be in accordance with standard procedures.

The amounts billed for each phase by month are entered into a simple computer program. Our latest report is attached.

TURNER CONSTRUCTION COMPANY - CONSTRUCTION MANAGEMENT

The contract with Turner Construction Company for construction management services is on a cost-plus-fixed-fee basis with a maximum amount of \$2,258,545. Under this contract, Metro is billed for actual expenses, overhead, and fee each month.

During contract negotiations, Price Waterhouse reviewed Turner's accounting systems and found them to be in accordance with standard procedures. Price Waterhouse also specifically reviewed Turner's method of calculating overhead.

The contract divides Turner's responsibilities into three phases and provides an estimated budget for each phase. Detailed invoices are submitted monthly. These invoices contain documentation for all expenses charged to Metro. The invoices are checked for accuracy. Amounts questioned are not paid until adequate documentation is received.

Each month a simple computer program tracks the payments made against the contract estimate. Our last report is attached.

PORTLAND DEVELOPMENT COMMISSION - SITE ACQUISITION

The contract with Portland Development Commission recognizes the large amounts of cash and the importance of timing in acquiring the property for the convention center. The contract requires PDC each month to estimate its expenses for the next month. Metro pays the estimated amount. PDC then submits a statement of actual expenses. The difference between the actual and estimated amounts is reconciled each month.

The contract with PDC defines work to be done in four categories:

- (1) Acquisition, including real estate, tenant relocation and property management
- (2) Building demolition and utility relocation
- (3) Administration/general contingency
- (4) Accounting and reporting

In actuality, costs are tracked in more detail, allowing breakdown separately of all real estate, demolition, relocation, legal, appraisal and other costs. Overhead is charged based on the previous year's audited overhead rate, and corrected at the conclusion of PDC's annual audit to reflect actual costs. For example, last year's overhead rate was 77%; when audited, it was reduced to 64% with the difference rebated to Metro.

The most recent budget and expense summary is attached.



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

Date November 12, 1987
To Metro Council Convention Center Committee
From Tuck Wilson
Subject Financial Management: Status Reports

At your last meeting, you requested a budgeted and contract status report.

Attached please find the latest project status reports which assess project expenditures in relation to project budget. The information is based on the latest available Financial Reports from Metro's Accounting Division, September 30, 1987 (October reports are not yet available).

First, you will find a report on Capital fund expenditures, reconciling those expenditures to the \$85 million construction budget.

Second, you will find attached a report on the Management Fund Expenditures (including the marketing contracts with GPCVA and the ERC).

Third, you will find attached a discussion of our management and monitoring activities on our three largest contracts, Turner, Zimmer Gunsul Frasca, and PDC. Expenditure summaries on each of these contracts are also attached.

As always, please feel free to call me or other project staff should you have questions on any of this.

Metro Council

Richard Waker
Presiding Officer
District 2

Jim Gardner
District 3
District 3

Mike Ragsdale
District 1

Corky Kirkpatrick
District 4

Tom DeJardin
District 5

George Van Bergen
District 6

Iron Kelley
District 7

Mike Bonner
District 8

Tanya Collier
District 9

Larry Cooper
District 10

David Knowles
District 11

Gary Hansen
District 12

Executive Officer
Rena Cusma

CONVENTION CENTER CAPITAL FUND

BUDGET STATUS REPORT: Sept 30, 1987

	Budget	Expenditures as of 9/30	% of Budget	Balance
REAL ESTATE	11,800,294	6,692,017	56.71	5,108,277
OFF-SITE CONSTRUCTION				
Street improvements	1,300,000	0	0.00	1,300,000
Light Rail Station	600,000	0	0.00	600,000
Traffic Signs	200,000	0	0.00	200,000
Utility Relocation	100,000	0	0.00	100,000
Pedestrian Connections	207,460	0	0.00	207,460
TOTAL	2,407,460	0	0.00	2,407,460
LEGAL/FINANCIAL, ETC				
Builder's Risk Insurance	250,000	0	0.00	250,000
Legal Counsel	100,000	0	0.00	100,000
Audits	20,000	0	0.00	20,000
Bond Costs	93,500	39,093	41.81	54,407
TOTAL	463,500	39,093	8.43	424,407
FURNITURE, FIXTURES, EQUIPMENT				
Furniture, Fixtures, Equipment	3,400,000	0	0.00	3,400,000
Telecommunications	1,000,000	0	0.00	1,000,000
TOTAL	4,400,000	0	0.00	4,400,000
PROJECT MANAGEMENT				
Area Plan	100,000	0	0.00	100,000
Art	475,000	15,386	3.24	459,614
Construction Management	2,309,000	257,206	11.14	2,051,794
Design Services	4,000,000	1,367,031	34.18	2,632,969
Geotechnical Services	139,500	0	0.00	139,500
Hook up charges	100,000	0	0.00	100,000
Metro project administration	2,187,500	356,534	16.30	1,830,966
Permits	312,000	350	0.11	311,650
Pre-construction surveys	40,000	0	0.00	40,000
Printing	200,000	0	0.00	200,000
Testing	200,000	0	0.00	200,000
TOTAL	10,063,000	1,996,508	19.84	8,066,492
CONSTRUCTION				
General Contract	52,000,000	0	0.00	52,000,000
CONTINGENCIES				
Owner's contingency	2,165,746	0	0.00	2,165,746
Construction contingency	1,500,000	0	0.00	1,500,000
Utility relocation	150,000	0	0.00	150,000
Insurance	50,000	0	0.00	50,000
TOTAL	3,865,746	0	0.00	3,865,746
GRAND TOTAL	85,000,000	8,727,617	10.27	76,272,383
REVENUE:				
General Obligation Bonds	65,000,000			
State Funds	15,000,000			
Local Improvement District	5,000,000			
TOTAL	85,000,000			

CONVENTION CENTER MANAGEMENT FUND
BUDGET STATUS REPORT: Sept 30, 1987

	Budget	Expenditure as of 9/30	% of budget	Balance
Personnel	66,884	16,225	24.26%	50,659
Contractual Services	1,170,000	15,723	1.34%	1,154,277
Transfers/Contingency	813,116	95,402	11.73%	717,714
TOTAL	2,050,000	127,350	37.33%	1,922,650

REVENUE: Multnomah County Hotel/Motel Tax
Estimate 1987-88: \$2,050,000

PAYMENTS TO ZIMMER GUNSUL FRAS

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	
2	MONTH	Programming		Schematic Design		Design Develop		Construction		Bidding		Post Construction		1% Art		Printing		TOTAL	Running Total	
3	1987	\$214,000		\$648,000		\$815,000		\$1,278,000		\$84,000		\$10,000		\$18,500		\$200,000				
4		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
5	Mar-87	53,500	25.00%	100,051.20	15.44%	0.00	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		153,551.20	153,551.20
6	Apr-87	53,500	25.00%	126,708.80	19.56%	0.00	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		180,248.80	333,800.00
7	May-87	32,100	15.00%	64,800.00	10.00%	0.00	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		96,900.00	430,700.00
8	Jun-87	64,200	30.00%	324,000.00	50.00%	0.00	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		388,200.00	818,900.00
9	Total FY	203,300	95.00%	615,600.00	95.00%	0.00	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%		818,900.00	
10	Jul-87	10,700	5.00%	32,400.00	5.00%	122,250	15.00%	0		0		0		3,700.00	20.00%	0.00			169,050.00	987,950.00
11	Aug-87	0		0		122,250	15.00%	0		0		0		9,000.00	48.65%	2,720.56	1.36%		133,970.56	1,121,920.56
12	Sep-87	0		0		244,500	30.00%	0		0		0		0.00		610.26	0.31%		245,110.26	1,367,030.82
13	Oct-87																		0.00	
14	Nov-87																		0.00	
15	Dec-87																		0.00	
16	Jan-88																		0.00	
17	Feb-88																		0.00	
18	Mar-88											0		0.00					0.00	
19	Apr-88																		0.00	
20	May-88																		0.00	
21	Jun-88																		0.00	
22																			0.00	
23	Total FY	10,700		32,400.00		489,000.00	60.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$12,700.00	68.65%	\$3,330.82	1.67%		548,130.82	
24	Grand Total	214,000	100.00%	\$648,000.00	100.00%	\$489,000.00	60.00%	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%	\$12,700.00	68.65%	\$3,330.82	1.67%		1,367,030.82	

Payments to Turner Construct

	A	B	C	D	E	F	G	H	I	J	K
1	1986-87	Direct Sal	Fringes	SubTotal	G & A OH	OH %	Drect Nons	Subtotal	Fee	Total	Running Total
2	Phases 1 & 2										
3	Sept-Nov 86	1,979.52	571.87	2,551.39	1,777.02	89.77%	1,104.28	5,432.69	2,066.00	7,498.69	7,498.69
4	Dec-Jan 87	4,393.04	1,269.15	5,662.19	3,943.63	89.77%	948.91	10,554.73	2,857.71	13,412.44	20,911.13
5	Feb-87	3,527.30	1,019.03	4,546.33	3,167.27	89.77%	2,241.47	9,955.07	2,856.90	12,811.97	33,723.10
6	Mar-87	3,207.98	974.58	4,182.56	2,878.99	89.77%	13,584.95	20,646.50	5,716.23	26,362.73	60,085.83
7	Apr-87	4,064.67	913.23	4,977.90	3,648.85	89.77%	6,979.10	15,605.85	3,810.28	19,416.13	79,501.96
8	May-87	5,163.68	1,568.72	6,732.40	4,635.44	89.77%	12,710.96	24,078.80	6,667.99	30,746.79	110,248.75
9	Jun-87	5,511.44	1,372.34	6,883.78	4,947.62	89.77%	33,899.36	45,730.76	12,383.41	58,114.17	168,362.92
10	Total FY	27,847.63	7,688.92	35,536.55	24,998.82	89.77%	71,469.03	132,004.40	36,358.52	168,362.92	
11											
12	Jul-87	12,452.00	1,679.30	14,131.30	11,178.16	89.77%	11,323.49	36,632.95	10,478.27	47,111.22	215,474.14
13	Aug-87	6,539.27	1,548.63	8,087.90	4,093.29	89.77%	5,093.67	17,274.86	4,762.86	22,037.72	237,511.86
14	Sep-87	7,206.18	2,151.71	9,357.89	6,468.98	89.77%	1,170.42	16,997.29	2,696.84	19,694.13	257,205.99
15	Oct-87										
16	Nov-87			0.00				0.00		0.00	
17	Dec-87			0.00				0.00		0.00	
18	Jan-88			0.00				0.00		0.00	
19	Feb-88			0.00				0.00		0.00	
20	Mar-88			0.00				0.00		0.00	
21	Apr-88			0.00				0.00		0.00	
22	May-88			0.00				0.00		0.00	
23	Jun-88			0.00				0.00		0.00	
24	Total FY	26,197.45	5,379.64	31,577.09	21,740.43		17,587.58	70,905.10	17,937.97	88,843.07	
25	Running Tot	54,045.08	13,068.56	67,113.64	46,739.25		89,056.61	202,909.50	54,296.49	257,205.99	
26	Budget	120,147.00	44,995.00	165,142.00	108,132.00		187,134.00	460,408.00	97,323.00	557,731.00	

Worksheet1

Portland Development Commission Contract
Financial Summary as of September 30, 1987

Category	Budget	Total Expenditures	% of Budget
Personal Services			
Payroll		\$54,326.12	
Benefits		\$16,181.52	
Subtotal - Direct Staff	\$395,479.00	\$70,507.64	17.83
Overhead			
Actual (64%) for 1986-87		\$21,170.35	
Per cost Plan 87-88		\$34,046.99	
Per cost Plan 87-88		\$7,634.29	
Subtotal - Overhead	\$304,521.00	\$62,851.63	20.64
Direct M & S			
Contract Services		\$12,596.11	
Information Services		\$340.07	
Office Supplies		\$17.64	
Mileage Reimbursements		\$20.47	
Meeting Costs		\$49.45	
Prop. Repairs & Mtnce.		\$7.96	
Desktop Publishing		\$36.00	
Appraisal Fees		\$45,800.00	
Blueprints		\$9.00	
Subtotal	\$202,256.00	\$58,876.70	29.11
Acquisitions	\$10,898,038.00	\$6,499,781.03	59.64
TOTAL	\$11,800,294.00	\$6,692,017.00	56.71