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COUNCIL CONVENTION CENTER COMMITTEE MINUTES

April 12, 1988

3:00 p.m.

Room 320, Metro Center

ATTENDING: Councilors Cooper, Hanson, Knowles and Van Bergen.

STAFF: Tuck Wilson, Kim Duncan, Sandy Bradley, Neil McFarlane and Neil Saling.

GUESTS: Charles Ahlers, Jan Schaeffer, Lee Fehrenkamp, Mitzi Scott and Dominic Buffetta.

The meeting was called to order at 3:25 p.m. in Room 320 at Metro Center. The committee moved directly to agenda item 2.

Agenda Item 2. GPCVA Convention Center Marketing Budget 1988-89.

Charles Ahlers, director of GPCVA, presented the committee with a budget packet detailing the budget recommendations for long term convention center marketing. Mr. Ahlers also presented the committee with a single-page summary of the major areas of increase in the proposed budget over the last fiscal year.

He explained that the principal budget increase was for the establishment of the Washington D.C. sales office. Mr. Ahlers noted that every major west coast city with a convention facility has a D.C. sales office. This is because more than 50% of all associations have headquarters in Washington D.C. The presence of a D.C. office allows cities to build relationships with meeting planners and to provide immediate servicing of their needs.

Mr. Ahlers continued with information about the role of GPCVA, the history of its contracts with Metro, and the current bookings for the new convention center space. He indicated that sales closings will improve after construction completion. He indicated that, absent the bricks and mortar, it is sometimes difficult to persuade meeting planners to book.

Mr. Ahlers also explained the relationship between the GPCVA long-term marketing effort and the MERC/ERC shorter-term marketing effort. In general, GPCVA sells space and books conventions 18 months to 5 years in advance of the event date. MERC/ERC handles short-term events and coordinates with convention planners already booked. Ahlers said it was important to build personal relationships between both the GPCVA staff and the MERC/ERC staff. He noted that

the short-term sales staff provides necessary technical support to GPCVA sales force by having a working understanding of the facility and its technical demands.

Tuck Wilson also noted that the dual marketing responsibility was addressed in the Laventhol & Horwath Marketing Study Plan and that the Council had approved it.

Cathy Shelton said that she would supply the committee members with a flowchart that depicts the difference in responsibilities between GPCVA and MERC/ERC.

Mr. Fehrenkamp offered additional information to the questions councilors had. He addressed the national meetings that both GPCVA sales staff and MERC/ERC sales staff are planning to attend. He indicated that it is important to present a united front for the facility and to increase the people-to-people relationships so significant to the final closing of sales.

Councilor Knowles asked for a definition of "convention services". Mr. Ahlers responded that convention services personnel promotes and distributes information about all convention-related services. It is a non-selling position.

Councilor Cooper indicated that he had, at this point, no problem with the GPCVA budget. He indicated that there may be other issues with regard to the general MERC budget that would be addressed at a meeting of the committee to be scheduled next week.

Mr. Cooper also thanked the GPCVA and MERC staff for reconciling some of the smaller double-budgeting issues he had identified.

Agenda Item 3. 60% Construction Estimate Review.

Mr. Wilson stated that, on May 20, the ACDC expected to receive the 100% estimates. He then reviewed the 60% estimates. He referred the committee to the work schedule provided in the agenda packet and briefed them on the major project events in the coming months, including the press conference on street closures scheduled for April 15, the opening of the steel package bid on April 19, and the site bid on April 26. He stated that the general bid opening would be extended by two weeks to allow ample opportunity to examine the ramifications of the site and steel bids.

Agenda Item 4. Rittenhouse Zeman Contract.

Mr. Wilson explained that the resolution before the committee was to extend the existing Rittenhouse Zeman contract for an amount not to exceed \$86,000. Councilor Van Bergen asked if this increase had been anticipated from the original \$36,000 contract. Mr. Wilson responded that the original contract omitted reference to the need for both Phase I and Phase II work. The current contract is for the Phase II work. The industry standards recommend that the contractor doing the initial soils testing continue through Phase II.

Councilor Cooper asked who owned the work. Mr. Wilson responded that Metro owned the work done by RZA. Neil Saling commented that when the Metro contracting code is revised, it will have a section with regard to "follow-on" contracts.

Councilor Hansen asked if RZA had sufficient insurance to cover errors and omissions. Mr. Wilson responded that RZA had done an adequate job so far, that soil conditions are stable, and that he anticipated the insurance to be adequate. Councilor Hansen referred to problems at CTRC.

Councilor Van Bergen moved the adoption of the contract. Councilor Knowles seconded. There were no objections.

Agenda Item 5. 1% For Art Contract.

Mr. Wilson explained that this contract extended the management arrangement between Metro and the Metropolitan Arts Commission for the 1% for Art program. He indicated that the contract for the second year was in the same amount as the contract for the first year. He further noted that none of the 1% funds had been used to date on the program due to \$95,000 worth of NEA grants secured by the 1% for Art administrator. He further noted that the administrator, Eloise MacMurray, has been doing an excellent job for the project.

Councilor Knowles moved the adoption of the second year contract. Councilor Van Bergen seconded. There were no objections.

Agenda Item 1. Adoption of Minutes.

Councilor Knowles moved the adoption of committee minutes from 7/9/87; 9/10/87; and 11/12/87. Councilor Van Bergen seconded the motion and it passed without objection. These minutes had not been recorded as adopted previously.

Agenda Item 6. OTA Resolution.

Kim Duncan explained the resolution before the Council to approve the regional strategy adopted by the Oregon Tourism Alliance. She noted that the Tourism Alliance had a grant ready to go to the state in early May for funding of various tourism related economic development projects. Further noted was the state contribution to the convention center construction fund was granted under the regional strategies program. These () projects are supportive of the general goals of that initial grant.

The resolution passed without objection.

Agenda Item 7. Construction Schedule Review.

(Addressed under Agenda Item 3 as earlier noted).

Agenda Item 8. Project Budget.

Mr. Wilson explained the materials in front of the committee related to the convention center project budget for the next fiscal year.

Councilor Cooper noted that the project budget was separate from the MERC budget where certain budget issues remained to be resolved. Mr. Cooper noted that MERC will need to meet again to approve its revised budget and that the convention center committee would have to meet prior to April 19 to review that same budget.

Mr. Wilson asked for comments about the adequacy of the materials and explained the general status of the project's finances. Councilor Waker indicated that it would be helpful to have a chart of the entire project indicating estimated expenditures for fiscal year 1987-88, budgeted expenditures 1988-89 and anticipated expenditures 1989-project end. Mr. Wilson indicated that these materials would be revised to reflect that information.

Councilor Cooper asked for an explanation about the project's contingencies.

Councilor Knowles stated that he had budget amendments. Councilor Knowles moved eliminating the debt service reserve fund and maintaining the interest income from the general obligation bonds and the capital fund as an unappropriated balance. Councilor Waker seconded the motion. Councilor Waker stated that the project was absent sufficient contingencies now and that it was premature to isolate funds that might be used for contingency prior to the opening of the general contract bid. He indicated that the council may wish to reconsider this issue when the numbers for the general construction were known. Councilor Hansen asked about the ability of the project to access the interest were it included. Councilor Waker responded that it was difficult to access those funds once placed in the debt service reserve fund. Councilor Knowles indicated that it was premature to dedicate interest earnings to property tax relief until the full impact of the building's cost were known. He noted that the problems the district would face absent flexibility with regard to building costs and contingencies would be excessive by comparison to the diminimus effect that the interest earnings could have this year on property tax reductions.

Mr. Wilson, in response to a question by Councilor Cooper explained the project's contingencies. He stated that the project had three contingencies:

- 1) Design contingency -- the design contingencies will evaporate at the 100% estimates when line items are fully identified. Design contingencies are part of the \$52 million construction budget.
- 2) Construction contingency -- This is a prudent percentage of the total construction cost.
- 3) Owner's contingency -- the owner's contingency relates to costs of the entire project including but not limited to construction. Owner's contingency reflects a default number if line

items expenditures did not meet the estimated budget amount. The remaining funds would be reflected in the owner's contingency.

Councilor Knowles' motion passed unanimously.

Councilor Waker asked Chairman Cooper to inform the Executive Officer that the convention center committee's recommendation.

Councilor Knowles recommended changing the name of the proposed MERC fund to the "CTS Facilities Management Funds". He stated that all other Metro funds were titled based on the function they performed not upon the agency designation. Councilor Waker agreed. Councilor Van Bergen seconded the motion.

Councilor Cooper asked that the committee not take formal action on this motion. He asked that the Executive Officer consider changing the name of the fund to reflect its function. Councilor Knowles withdrew his motion.

Councilor Cooper stated he wished to discuss the Metro overhead/cost allocation charged to the project. Councilor Waker asked if last year the convention center project paid less than its fair share of the overhead.

Councilor Knowles stated that the district should not become addicted to an estimated \$1 million worth of overhead revenues from the convention center project because the project itself would be out of business at the opening of the building. He asked how the district would supplement the project's general fund revenues at the closure of the project office.

Councilor Waker asked if the increase in the overhead assessment was not a result of the general growth of the general fund. Councilor Knowles responded yes but questioned whether the convention center project itself should pay for the recycling costs now assumed by the Public Affairs Department or by the increases in the general council staff and other services moved to the general fund from departments. Councilor Hansen stated that he thought that the convention center project itself had created a substantial new increases to the general fund and that the project should pay its fair share. Councilor Waker indicated that the committee was very concerned about the general fund increases, assessed the project and stated that the committee should share its concerns about those increases with the Budget Committee as it examines the general issue of the cost allocation.

Councilor Knowles moved to restore two FTE to the project staff. He stated that the project has stayed on time and on budget. He stated that the project should not experience a staff decrease because of the workload. Councilor Van Bergen and Councilor Waker seconded the motion. It passed unanimously.

The committee agreed to meet again on Monday, April 18, at 4:00 p.m. to review and act upon the revised MERC budget prior to its hearing before the Budget Committee on April 19.

The meeting adjourned at 5:00 p.m.

Respectfully Submitted,

Kim Duncan



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Convention Center Committee Report Meeting Date: April 12, 1988

To: Mike Ragsdale, Presiding Officer
Metro Council

From: Larry Cooper, Chair
Convention Center Committee

Subject: Amendments to the Convention Center Project
Budget and Issues for Further Discussion by Budget
Committee

Executive Officer
Rena Cusma

Metro Council

Mike Ragsdale
Presiding Officer
District 1

Corky Kirkpatrick
uty Presiding
er
District 4

Richard Waker
rid 2

m Gardner
District 3

Tom DeJardin
District 5

George Van Bergen
District 6

Sharon Kelley
District 7

Mike Bonner
District 8

Tanya Collier
District 9

Larry Cooper
District 10

David Knowles
District 11

Gary Hansen
District 12

At the Council Convention Center Committee of April 12, 1988, the Committee unanimously approved the following two amendments to the Convention Center Project 88-89 Budget:

1. *Elimination of the proposed Convention Center Project Debt Service Reserve Fund and maintenance of the bond interest earnings in the Convention Center Project Capital Fund as an unappropriated balance.*

2. *Restoration of two FTE positions as currently classified in the Project's 87-88 budget.*

The Committee further recommended to the attention of the Council Budget Committee the following unresolved issues:

1. *The appropriate title of the MERC fund -- The Committee questioned the adequacy of the fund name. Other Metro funds are titled to reflect their function while the MERC title reflects organizational status.*

2. *The appropriate level of the general fund cost allocation plan assessed against the project. The Committee questioned how the District would substitute the general fund revenues paid by the Convention Center Project at the time of its termination. The Committee deferred examination of the question in anticipation of the Budget Committee's examination of all general fund increases proposed by the Executive Officer.*

cc: Rena Cusma
Dick Engstrom
Ray Phelps

Tanya Collier
Jennifer Sims
Marie Nelson