

MINUTES OF THE COUNCIL CONVENTION CENTER AND VISITOR FACILITIES
COMMITTEE OF THE METROPOLITAN SERVICE DISTRICT

Regular Meeting
December 4, 1990

Committee members present: Councilors David Knowles (Chair),
Roger Buchanan (Vice Chair), Gary
Hansen, Ruth McFarland and George
Van Bergen

Committee members absent: None

Chair Knowles called the meeting to order at 4:07 p.m.

1. Consideration of November 13, 1990 Minutes

Casey Short, Council Analyst, noted under item number 3, Neil McFarlane, not Neil Saling presented the staff report.

Motion: Councilor Van Bergen moved for approval of the minutes of November 13, 1990.

Vote: Councilors Buchanan, Knowles, Hansen, McFarland and Van Bergen voted aye.

The motion carried unanimously.

2. Consideration of Resolution No. 90-1366, For the Purpose of Endorsing the Oregon Tourism Alliance's Regional Strategies Program

Don Rocks, Executive Assistant, presented a position paper prepared by Oregon Tourism Alliance. Member organizations of OTA have been asked to ratify this regional strategies program before it is forwarded to the State Legislature. Mr. Rocks also distributed a copy of a report pertaining to the convention center that will be part of an overall review of OTA accomplishments to be distributed to legislators along with the position paper.

The OTA position paper and convention center report are included as part of the record.

Motion: Council Buchanan moved to recommend Council adoption of Resolution No. 90-1366.

Vote: Councilors Buchanan, Knowles, Hansen, McFarland and Van Bergen voted aye.

The motion carried unanimously.

3. Report on Oregon Convention Center Grand Opening Expenditures

Mr. Short discussed the issue before the committee, referring to his November 29 memo. This memo is part of the record. MERC contracted with Northwest Strategies for \$86,000 to coordinate staging of the grand opening celebrations for the convention center. In the course of facilitating the project, the Convention Center Grand Opening Steering Committee authorized Northwest Strategies to directly pay vendors for all approved expenses. MERC would then reimburse Northwest Strategies upon presentation of receipts or vouchers. This change in Northwest Strategies's Scope of Work was made without formal amendment of their contract.

A result of this change is that \$540,000 in contract payments were made to Northwest Strategies without any automatic flagging of any accounting system then in place when the \$86,000 contract limit was reached. Dominic Buffetta, MERC's Assistant General Manager and Jeff Blosser, Oregon Convention Center Manager, gave a report on the situation. Mr. Buffetta discussed a memo directed by Mr. Lee Fehrenkamp, MERC's General Manager, to Mr. Short. This memo is part of the record. For reasons outlined in the memo, the Grand Opening Steering Committee, in their May 10, 1990 meeting, concluded Northwest Strategies could be considered an agent of the Commission. Chair Knowles asked if anyone from the Commission had monitored Northwest Strategies expenditures. Mr. Blosser said he, as well as the Steering Committee, had analyzed all individual contracts and invoices prior to approval.

In order to prevent this situation from occurring in the future, MERC recommends their purchasing guidelines include language requiring approval by Commission resolution for any increase of more than 20% for non-personal services contracts. Commission approval would be required for increases of more than 10% for personal services contracts. Councilor Van Bergen indicated percentage figures are not meaningful control figures as a limitation to contract amount increases.

Concern was expressed that Metro's accounting system allowed checks to be written for well over the contract amount without setting off any automatic red flags. Chair Knowles asked what changes have been made to correct this problem. Mr. Buffetta reported a purchasing coordinator has been hired who personally monitors all contracts. Mr. Blosser indicated purchasing has been centralized, administrative procedures are being drafted, and purchasing procedures are currently in effect that have been modelled after the Metro procedures manual. Neil Saling, Acting Director of Finance and Administration, described the monitoring system which is in place at Metro.

Councilor Van Bergen stated the use of the word "agent" in the amended version of the Northwest Strategies contract was not appropriate because the term has a specific meaning in a legal context, which does not necessarily apply to Northwest Strategies. Chair Knowles agreed, stating use of the term might be the only solution for this particular problem, but it should not be used in the future. Mr. Blosser indicated the term was used because Northwest Strategies was negotiating on behalf of MERC. Mr. Saling reported this problem may be eliminated by assigning individual vendor contracts to Northwest Strategies. He outlined how that system might feasibly work.

Since the problem seems to have been resolved, Councilor Van Bergen suggested no action was needed at this time. Chair Knowles suggested the Committee study this issue during the upcoming budget process.

4. Discussion of MERC Resolutions 96, 97, 98 and 99

Councilors were referred to their packets to review MERC Resolutions 96, 97, 98 and 99. Copies of these resolutions are part of the record.

MERC Resolution No. 96, pertaining to proposed action to purchase the Hanna property adjacent to the Coliseum was discussed in detail. Councilor Van Bergen questioned whether MERC has authority to buy property on its own, or if it would act as Metro's agent when making a purchase. Councilor Knowles stated the MERC Ordinance provides that they can buy property specifically for the purpose of managing the facility.

According to Mr. Buffetta, MERC is discussing a proposal for financing the purchase with First Interstate Bank and U.S. Bank. They are also working with Jennifer Sims to accrue the \$1.2 million necessary for the purchase. Its worth is currently appraised at \$1.6 to \$1.9 million. After two executive sessions with Mr. Cooper in attendance, MERC elected to make the purchase. The lot will bring in approximately \$50,000 per year in parking revenues, and will be the site of future expansion. The Blazer contract calls for them to receive all parking revenue from any event up to a specified amount. They have waived this provision for the proposed lot; any parking revenue from that lot will go directly to the Commission to pay off the balance.

MERC has made an offer of \$1 million that has been accepted by McDonnell-Douglas. With closing costs, taxes, improvements, and removal of underground storage tanks, the cost will run to approximately \$1.2 million. Payments will be made from Coliseum funds and the property will be purchased in the Coliseum's name.

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Because MERC assets have not yet transferred to METRO, title will stay with the City until the transfer takes place. Chair Knowles was concerned about title being drawn up in the City's name. Councilor Hansen asked MERC to determine if Metro funds might be available to purchase the property.

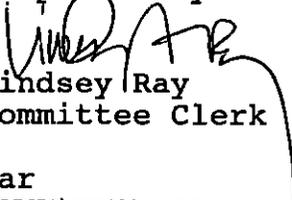
Mark Hunter discussed the presence of underground tanks at the property. He reported one 8,000 gallon tank on site that contains heavy oil, a 4,000 gallon heating oil tank, and a third, very old tank that may have contained a solvent, but now contains water. The estimate for tank removal is within the budget amount available for procurement of the site. Councilors expressed concern about chrome plating and acids used by the Hanna Corporation; and concern about the possibility of any of the above substances leaking into the aquifer.

5. Other

Councilor Van Bergen questioned staff about a Notice of Lien for \$63,000. Mr. Saling addressed the issue, indicating it involves electrical subcontractors, and that Metro need not become involved. The general contractor, Hoffman-Marmolejo, J.V., will mediate, and can provide a bond to indemnify Metro if it becomes necessary.

There being no further business, the meeting was adjourned at 5:20 p.m.

Respectfully submitted,


Lindsey Ray
Committee Clerk

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