

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 02-02A

For the Purpose of approving rental rates for Portland's Centers for the Arts (Portland's) beginning in fiscal year, 2020-2021.

WHEREAS, the Metropolitan Exposition Recreation Commission (MERC) sets facility rental rates for the MERC venues, and;

WHEREAS, operating expenses have been steadily increasing over the years but rental rates at Portland's have not increased more than 3% annually, and;

WHEREAS, Portland's financial situation makes it increasingly difficult to subsidize local arts organizations as deeply as it has in the past, and;

WHEREAS, Portland's has a mandate from MERC to operate in a fiscally-responsible manner, and;

WHEREAS, Portland's seeks increased rental rates beginning in fiscal year 2020-2021 per Attachment A, and;

WHEREAS, the MERC Budget Committee as part of the budget process reviewed rental fees for Portland's and recommends approval to MERC.

BE IT THEREFORE RESOLVED, that the Metropolitan Exposition Recreation Commission:

Approves rental rates for Portland's Centers for the Arts per Attachment A beginning in fiscal year, 2020-2021.

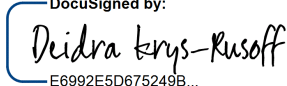
Passed by the Commission on March 4, 2020.

Approved as to form:
Carrie MacLaren, Metro Attorney



Chair

By: _____
Nathan A. S. Sykes, Deputy Metro Attorney

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Secretary/Treasurer

MERC Staff Report

Agenda Item/Issue: For the Purpose of approving rental rates for Portland's Centers for the Arts beginning in fiscal year, 2020-2021.

Resolution No.: 20-02A

Presented By: Robyn Williams

Date: March 4, 2020

Background and Analysis: In 1995, the Commission established criteria that would allow for four tiers of rental rates at P5 facilities-resident company, preferred non-profit, non-profit and commercial. In 1998, the Commission approved an extension of these four tiers that are in effect today.

In June 2002, the Commission approved an increase of rental rates by CPI for every year beginning July 1, 2002 for all P5 users. At the time CPI was running at 3% and continued to do so for several years so this became the standard annual increase for all rent.

In June 2009, the Commission approved a "0%" increase for the resident companies and non-profit user groups for FY 10 and FY11, but allowed increases by CPI or a minimum of 3% going forward.

Portland's Centers for the Arts has not increased rental rates more than 3% annually in more than 19 years.

Portland's provides deeply subsidized rental rates to local non-profits. In 2016 an operating expense study was conducted. Data showed that Portland's subsidized its resident companies and local non-profits approximately \$2.3 million.

Portland's is mandated to operate its venues in a fiscally responsible manner. The FY21 rental rates in Attachment A are based on the following increases. Lower increases are proposed for featured tenants and local non-profits, which are not as deeply subsidized as the resident companies. These increases support a balanced FY21 budget proposal.

Proposed FY21 rental rate increases:

- Tier 1, commercial clients pay a base rate or percentage of adjusted gross ticket sales, whichever is greater.
 - Base rates increased 30%
 - Percentage of adjusted gross ticket sales increased from 8% to 10%
- Tier 2, local non-profits pay a base rate or percentage of adjusted gross ticket sales, whichever is greater.
 - Base rates increased 15%
 - Percentage of adjusted gross ticket sales not changed from 5%
- Tier 3, featured tenants
 - Base rates increased 20%
- Tier 4, resident companies
 - Base rates increased 30%
- Rental rates at the Winningstad Theatre increased by 5% for all tiers

- Rental rates at the Brunish Theatre will continue to be waived for ticketed events by tier 2-4 clients.

The MERC budget committee has reviewed P5's proposed operating budget and supports these rental rate increases effective July 1, 2020.

Fiscal Impact: Rental increases are expected to generate approximately \$196,000.

Recommendation: Staff recommends that the Metropolitan Exposition-Recreation Commission adopt Resolution 20-02 For the Purpose of approving rental rates for Portland's Centers for the Arts beginning in fiscal year, 2020-2021.

ATTACHMENT A

	Keller	ASCH	Newmark	Winningstad	Brunish
Tier 1 - Commercial Rates					
Performance - Evening	\$6,675 vs. 10%	\$6,675 vs. 10%	\$ 2,290	\$ 1,045	\$ 1,295
2nd Performance - Same Evening	\$5,115 vs. 10%	\$5,115 vs. 10%	\$ 1,815	\$ 765	NA
1/2 House Performance Evening	\$5,115 vs. 10%	\$5,115 vs. 10%	NA	NA	NA
Performance - Matinee	\$5,115 vs. 10%	\$5,115 vs. 10%	\$ 2,290	\$ 1,045	\$ 1,295
Performance - Morning	\$ 2,860	\$ 2,860	\$ 2,290	\$ 1,045	\$ 1,295
Rehearsal/Load-in Day	\$ 3,340	\$ 3,340	\$ 1,255	\$ 535	\$ 665
Lobby Function	\$ 5,520	\$ 5,820	\$ 5,520	NA	\$ 565
Main Street - \$950	F&B minimum for receptions - \$5,000				

Tier 2 - Non-Profit Rates

Performance - Evening	\$5,015 vs. 5%	\$5,015 vs. 5%	\$ 1,700	\$ 895	\$ 500
2nd Performance - Same Evening	\$3,820 vs. 5%	\$3,820 vs. 5%	\$ 1,345	\$ 655	NA
1/2 House Performance Evening	\$3,820 vs. 5%	\$3,820 vs. 5%	NA	NA	NA
Performance - Matinee	\$3,820 vs. 5%	\$3,820 vs. 5%	\$ 1,700	\$ 895	\$ 525
Performance - Morning	\$ 2,140	\$ 2,140	\$ 1,700	\$ 895	\$ 525
Rehearsal/Load-in Day	\$ 2,515	\$ 2,515	\$ 1,025	\$ 505	\$ 270
Lobby Function	\$ 3,105	\$ 3,740	\$ 3,105	NA	\$ 470
Main Street - \$795					

Tier 3 - Featured/Non-Profit

Performance - Evening	\$ 2,905	\$ 2,905	\$ 1,000	\$ 480	NA
2nd Performance - Same Evening	\$ 2,230	\$ 2,230	NA	NA	NA
Performance - Matinee	\$ 2,230	\$ 2,230	\$ 1,000	\$ 480	NA
Performance - Morning	\$ 1,255	\$ 1,255	\$ 1,000	\$ 480	NA
Rehearsal/Load-in Day	\$ 1,450	\$ 1,450	\$ 540	\$ 240	NA
Lobby Function	\$ 1,615	\$ 1,960	\$ 1,615	NA	NA

Tier 4 - Principal/Resident Company

Performance - Evening	\$ 1,325	\$ 1,325	\$ 500	\$ 210	\$ 200
2nd Performance - Same Evening	\$ 905	\$ 905	NA	NA	NA
Performance - Matinee	\$ 915	\$ 915	\$ 275	\$ 175	\$ 85
Performance - Morning	\$ 525	\$ 525	\$ 210	\$ 165	\$ 80
Rehearsal/Load-in Day	\$ 625	\$ 625	\$ 260	\$ 170	\$ 170
Lobby Function	\$ 690	\$ 2,465	\$ 690	NA	NA

Rental rate is the greater of base rate vs. 10% (commercial) or 5% (non-profit) of adjusted gross ticket sales.
A maximum rental charge may be negotiated for high grossing performances.

Rental rates effective July 1, 2020.**Rental rates to increase 3% annually.**

Tier 1 - Commercial:

For profit and non-local non-profits

Tier 2 - Non-profits:

Local non-profits not in Tier 3 or 4

Tier 3 - Featured Tenants:

Jefferson Dancers
Metropolitan Youth Symphony
PDX Jazz
PICA
Portland Arts & Lectures Series (Literary Arts)
Portland's Singing Christmas Tree
White Bird Dance

Tier 4 - Resident Companies:

Oregon Ballet Theatre
Oregon Children's Theatre
Oregon Symphony
Portland Opera
Portland Youth Philharmonic