

BEFORE THE METRO COUNCIL

AN ORDINANCE AMENDING THE FY 1995-96 )	ORDINANCE NO. 96-641
BUDGET AND APPROPRIATIONS )	
SCHEDULE BY TRANSFERRING \$97,601 )	
FROM THE SPECTATOR FACILITIES FUND )	
CONTINGENCY AND \$64,199 FROM CAPITAL )	
OUTLAY TO CIVIC STADIUM MATERIALS )	Introduced by Councilor Ruth
AND SERVICES AND \$276,000 FROM THE )	McFarland
REGIONAL PARKS AND EXPO FUND )	
CONTINGENCY TO EXPO CENTER )	
MATERIALS AND SERVICES AND CAPITAL )	
OUTLAY TO MEET UNFORESEEN )	
INCREASED EXPENDITURES; AND )	
DECLARING AN EMERGENCY )	

WHEREAS, The Metro Council has reviewed and considered the need to transfer appropriations with the FY 1995-96 Budget; and

WHEREAS, The need for a transfer of appropriation has been justified; and

WHEREAS, Adequate funds exist for other identified needs; now, therefore,

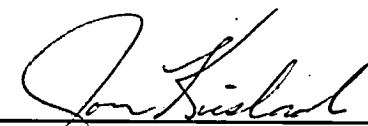
THE METRO COUNCIL ORDAINS AS FOLLOWS;

1. That the FY 1995-96 Budget and Schedule of Appropriations are hereby amended as shown in the column titled "Revision" of Exhibits A and B to this Ordinance for the purposes of transferring \$97,601 from the Spectator Facilities Fund Contingency and \$64,199 from Capital Outlay to the Civic Stadium materials and services.

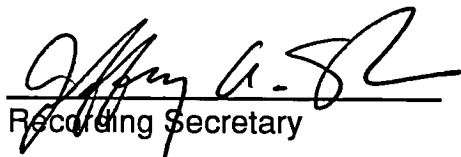
2. That the FY 1995-96 Budget and Schedule of Appropriations are hereby further amended as show in the column titled "Revision" of Exhibits A and B to this Ordinance for the purposes of transferring \$276,000 from the Regional Parks and Expo Fund Contingency to the Expo Center Materials and Services and Capital Outlay.

3. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

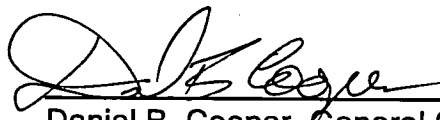
ADOPTED by the Metro Council this 16<sup>th</sup> day of May, 1996.

  
\_\_\_\_\_  
Jon Kvistad, Presiding Officer

ATTEST:

  
\_\_\_\_\_  
Recording Secretary

Approved as to Form:

  
\_\_\_\_\_  
Daniel B. Cooper, General Counsel

**Exhibit A  
Ordinance No. 96-641**

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT

**Regional Parks and Expo Fund**

**Resources**

<b>TOTAL RESOURCES</b>		<b>12,128,738</b>		<b>0</b>		<b>12,128,738</b>
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**Requirements**

<b>TOTAL REGIONAL PARKS EXPENDITURES</b>	<b>47.10</b>	<b>4,928,501</b>	<b>0.00</b>	<b>0</b>	<b>47.10</b>	<b>4,928,501</b>
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**Expo Center**

<b>Total Personal Services</b>	<b>11.83</b>	<b>525,266</b>	<b>0.00</b>	<b>0</b>	<b>11.83</b>	<b>525,266</b>
<u>Materials &amp; Services</u>						
521100	Office Supplies	2,000		0		2,000
521210	Landscape Supplies	4,000		0		4,000
521220	Custodial Supplies	9,800		0		9,800
521240	Graphics/Reprographic Supplies	200		0		200
521260	Printing Supplies	400		0		400
521290	Other Operating Supplies	1,000		0		1,000
521292	Small Tools	3,000		0		3,000
521293	Promotional Supplies	0		0		0
521310	Subscriptions	100		0		100
521320	Dues	875		0		875
521400	Fuels & Lubricants	3,900		0		3,900
521510	Maintenance & Repairs Supplies-Building	9,600		0		9,600
521520	Maintenance & Repairs Supplies-Grounds	3,000		0		3,000
521530	Maintenance & Repairs Supplies-Vehicles	750		0		750
521540	Maintenance & Repairs Supplies-Equipment	1,500		0		1,500
524130	Promotion/Public Relation Services	35,000		0		35,000
524190	Miscellaneous Professional Services	0		0		0
525100	Utilities	0		0		0
525110	Utilities-Electricity	87,900		0		87,900
525120	Utilities-Water & Sewer Charges	16,300		0		16,300
525130	Utilities-Natural Gas	32,000		0		32,000
525150	Utilities-Sanitation Service	35,000		0		35,000
525200	Cleaning Services	65,000		0		65,000
525610	Maintenance & Repair Services-Building	1,500		0		1,500
525620	Maintenance & Repairs Services-Grounds	12,000		0		12,000
525630	Maintenance & Repairs Services-Vehicles	1,000		0		1,000
525640	Maintenance & Repairs Services-Equipment	6,060		0		6,060
525710	Equipment Rental	10,820		0		10,820
526200	Ads & Legal Notices	6,700		0		6,700
526310	Printing Services	4,400		0		4,400
526320	Typesetting & Reprographics Services	3,000		0		3,000
526410	Telephone	9,700		0		9,700
526420	Postage	500		0		500
526430	Catalogues & Brochures	1,000		0		1,000
526440	Delivery Services	500		0		500
526500	Travel	6,500		0		6,500
526690	Concessions/Catering Contract	769,500		148,240		917,740
526691	Parking Contract	73,240		11,000		84,240
526700	Temporary Help Services	10,500		0		10,500

**Exhibit A  
Ordinance No. 96-641**

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Regional Parks and Expo Fund</b>							
526800	Training, Tuition, Conferences		1,000		0		1,000
528100	License, Permits, Payments to other Agencies		0		0		0
529800	Miscellaneous Expenditures		0		0		0
529910	Uniform Supply		1,000		0		1,000
526900	Miscellaneous Other Purchased Services		0		0		0
529500	Meetings		500		0		500
529835	External Promotion		2,500		0		2,500
<b>Total Materials &amp; Services</b>			<b>1,233,245</b>		<b>159,240</b>		<b>1,392,485</b>
<b>Capital Outlay</b>							
571100	Land		0				0
571200	Improvements other than buildings		75,000		116,760		191,760
571300	Buildings, Exhibits & Related		80,000		0		80,000
571400	Equipment and Vehicles		31,200		0		31,200
571500	Purchases-Office Furniture & Equipment		5,250		0		5,250
574120	Architectural Services		1,000,000		0		1,000,000
574130	Engineering Services		1,500,000		0		1,500,000
574520	Construction Work/Materials-Buildings		0		0		0
<b>Total Capital Outlay</b>			<b>2,691,450</b>		<b>116,760</b>		<b>2,808,210</b>
<b>TOTAL EXPO CENTER EXPENDITURES</b>		<b>11.83</b>	<b>4,449,961</b>	<b>0.00</b>	<b>276,000</b>	<b>11.83</b>	<b>4,725,961</b>

**General Expenses**

<b>Total Interfund Transfers</b>			<b>640,736</b>		<b>0</b>		<b>640,736</b>
<b>Contingency and Unappropriated Balance</b>							
599999	Contingency						
	* Undesignated		668,999		(276,000)		392,999
	* Open Spaces Bonds		64,132		0		64,132
599990	Unappropriated Balance		0		0		0
	* Undesignated		636,409		0		636,409
	* Expo Center Renewal & Replacement		740,000		0		740,000
<b>Total Contingency and Unappropriated Balance</b>			<b>2,109,540</b>		<b>(276,000)</b>		<b>1,833,540</b>
<b>TOTAL FUND REQUIREMENTS</b>		<b>58.93</b>	<b>12,128,738</b>	<b>0.00</b>	<b>0</b>	<b>58.93</b>	<b>12,128,738</b>

**Exhibit A  
Ordinance No. 96-641**

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT

**Spectators Facilities Fund**

**Resources**

<b>TOTAL RESOURCES</b>		<b>9,894,621</b>		<b>0</b>		<b>9,894,621</b>
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**Civic Stadium Operations**

<b>Total Personal Services</b>		<b>17.41</b>	<b>687,171</b>	<b>0</b>	<b>17.41</b>	<b>687,171</b>
<u>Materials &amp; Services</u>						
521100	Office Supplies		3,325	0		3,325
521220	Custodial Supplies		6,889	0		6,889
521260	Printing Supplies		2,000	0		2,000
521290	Other Supplies		25,636	0		25,636
521292	Small Tools		1,000	0		1,000
521293	Promotion Supplies		2,000	0		2,000
521310	Subscriptions		600	0		600
521320	Dues		425	0		425
521400	Fuels & Lubricants		1,357	0		1,357
521510	Maint & Repair Supplies-Buildings		10,921	0		10,921
521520	Maint & Repair Supplies-Grounds		500	0		500
521540	Maint & Repair Supplies-Equipment		4,232	0		4,232
521590	Maint & Repair Supplies-Other		1,068	0		1,068
524190	Misc professional services		154,830	0		154,830
525110	Utilities-Electricity		77,920	0		77,920
525120	Utilities-Water and Sewer		14,101	0		14,101
525150	Utilities-Sanitation Services		11,917	0		11,917
525610	Maintenance & Repair Services-Building		10,518	0		10,518
525620	Maintenance & Repair Services-Grounds		1,000	0		1,000
525630	Maintenance & Repair Services-Vehicles		500	0		500
525640	Maintenance & Repair Services-Equipment		16,910	0		16,910
525690	Maintenance & Repair Services-Other		1,000	0		1,000
525710	Equipment Rental		5,900	0		5,900
526200	Advertising and Legal Notices		2,224	0		2,224
526310	Printing Services		1,830	0		1,830
526320	Typesetting & Reprographic		300	0		300
526410	Telephone		9,000	0		9,000
526420	Postage		3,600	0		3,600
526430	Catalogues & Brochures		2,000	0		2,000
526440	Communications - Delivery Services		1,250	0		1,250
526500	Travel		3,325	0		3,325
526690	Concession/Catering Contract		561,770	161,800		723,570
526700	Temporary Help Services		107,109	0		107,109
526800	Training, Tuition, Conferences		2,925	0		2,925
526910	Uniforms and Cleaning		10,468	0		10,468
528100	Licenses, Permits & Pymts to Agencies		10,700	0		10,700
529800	Miscellaneous		1,000	0		1,000
529835	External Promotion Expenditures		4,900	0		4,900
<b>Total Materials &amp; Services</b>			<b>1,076,950</b>	<b>161,800</b>		<b>1,238,750</b>

**Exhibit A  
Ordinance No. 96-641**

FISCAL YEAR 1995-96		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
ACCT #	DESCRIPTION	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Spectators Facilities Fund</b>							
<u>Capital Outlay</u>							
571200	Improvements Other than Buildings		174,000	(64,199)			109,801
571300	Buildings, Exhibits & Related		157,700	0			157,700
571400	Purchases - Equipment and Vehicles		32,345	0			32,345
571500	Purchases - Office Furniture and Equipment		6,030	0			6,030
<b>Total Capital Outlay</b>			<b>370,075</b>	<b>(64,199)</b>			<b>305,876</b>
<b>TOTAL CIVIC STADIUM EXPENDITURES</b>		<b>17.41</b>	<b>2,134,196</b>	<b>0.00</b>	<b>97,601</b>	<b>17.41</b>	<b>2,231,797</b>
<b>Performing Arts Center Operations</b>							
<b>Total Personal Services</b>		<b>111.47</b>	<b>3,704,224</b>	<b>0.00</b>	<b>0</b>	<b>111.47</b>	<b>3,704,224</b>
<b>Total Materials &amp; Services</b>			<b>1,311,123</b>		<b>0</b>		<b>1,311,123</b>
<b>Total Capital Outlay</b>			<b>150,000</b>		<b>0</b>		<b>150,000</b>
<b>TOTAL PERFORMING ARTS CENTER EXPENDITURES</b>		<b>111.47</b>	<b>5,165,347</b>	<b>0.00</b>	<b>0</b>	<b>111.47</b>	<b>5,165,347</b>
<b>Total Interfund Transfers</b>			<b>710,464</b>		<b>0</b>		<b>710,464</b>
<u>Contingency and Unappropriated Balance</u>							
599999	Contingency		192,601	(97,601)			95,000
599990	Unappropriated Balance		1,692,013	0			1,692,013
<b>Total Contingency and Unappropriated Balance</b>			<b>1,884,614</b>	<b>(97,601)</b>			<b>1,787,013</b>
<b>TOTAL SPECTATOR FACILITIES FUND EXPENDITURES</b>		<b>128.88</b>	<b>9,894,621</b>	<b>0.00</b>	<b>0</b>	<b>128.88</b>	<b>9,894,621</b>

**Exhibit B**  
**Ordinance No. 96-641**  
**FY 1995-96 SCHEDULE OF APPROPRIATIONS**

	Current Appropriation	Revision	Proposed Appropriation
<b>REGIONAL PARKS AND EXPO FUND</b>			
Regional Parks and Greenspaces			
Personal Services	1,860,171	0	1,860,171
Materials & Services	1,902,130	0	1,902,130
Capital Outlay	1,166,200	0	1,166,200
<b>Subtotal</b>	<b>4,928,501</b>	<b>0</b>	<b>4,928,501</b>
Expo Center			
Personal Services	525,266	0	525,266
Materials & Services	1,233,245	159,240	1,233,245
Capital Outlay	2,691,450	116,760	2,691,450
<b>Subtotal</b>	<b>4,449,961</b>	<b>276,000</b>	<b>4,449,961</b>
Interfund Transfers	640,736	0	640,736
Contingency	733,131	(276,000)	733,131
Unappropriated Balance	1,376,409	0	1,376,409
<b>Total Fund Requirements</b>	<b>\$12,128,738</b>	<b>\$0</b>	<b>\$12,128,738</b>
<b>SPECTATOR FACILITIES FUND</b>			
Civic Stadium			
Personal Services	687,171	0	687,171
Materials & Services	1,076,950	161,800	1,238,750
Capital Outlay	370,075	(64,199)	305,876
<b>Subtotal</b>	<b>2,134,196</b>	<b>97,601</b>	<b>2,231,797</b>
Portland Center for the Performing Arts			
Personal Services	3,704,224	0	3,704,224
Materials & Services	1,311,123	0	1,311,123
Capital Outlay	150,000	0	150,000
<b>Subtotal</b>	<b>5,165,347</b>	<b>0</b>	<b>5,165,347</b>
Interfund Transfers	710,464	0	710,464
Contingency	192,601	(97,601)	95,000
Unappropriated Balance	1,692,013	0	1,692,013
<b>Total Fund Requirements</b>	<b>\$9,894,621</b>	<b>\$0</b>	<b>\$9,894,621</b>

**All Other Appropriations Remain As Previously Adopted**

## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 96-641 AMENDING THE FY 1995-96 BUDGET AND APPROPRIATIONS SCHEDULE BY TRANSFERRING \$97,601 FROM THE SPECTATOR FACILITIES FUND CONTINGENCY AND \$64,199 FROM CAPITAL OUTLAY TO CIVIC STADIUM MATERIALS AND SERVICES; AND \$276,000 FROM THE REGIONAL PARKS AND EXPO FUND CONTINGENCY TO EXPO CENTER MATERIALS AND SERVICES AND CAPITAL OUTLAY TO MEET UNFORESEEN INCREASED EXPENDITURES; AND DECLARING AN EMERGENCY.

Date: April 30, 1995

Presented by: Heather Teed

## FACTUAL BACKGROUND AND ANALYSIS

On February 14, 1996, the Metropolitan Exposition-Recreation Commission (MERC) passed Resolution No. 96-12, approving an amendment to the FY 1995-96 adopted budget for submittal to the Metro Council for consideration. This submitted amendment has three purposes:

1. Adjustment of expenditure appropriations to allow for unanticipated operating cost increases of \$230,000 for Expo concessions/catering and \$11,000 for Expo parking operations.
2. Replacement of parking booths at Expo for \$35,000 including installation.
3. Adjustment of expenditures appropriations to allow for unanticipated operating cost increases of \$161,800 related to increased business at Civic Stadium.

To accomplish these purposes, the MERC Resolution authorizes transfer of \$276,000 from the Regional Parks and Expo Fund Contingency to both materials and services and capital outlay in the Expo Center to meet the unforeseen increased expenditures. The MERC Resolution also authorizes the transfer of \$97,601 from the Spectator Facilities Fund contingency and \$82,399 from Civic Stadium capital outlay to materials and services.

Based on review by MERC and Administrative Services staff, it was determined that the classification of the expenditures proposed by the MERC Resolution are more accurately reflected as transfer of \$97,601 from the Spectator Facilities Fund contingency and reduction of the submitted transfer from Civic Stadium capital outlay to materials and services by \$18,200 to \$64,199. These adjustments are reflected in Exhibits A and B to Metro Ordinance No. 96-641. A copy of MERC Resolution 96-12 is also attached.

At the time the FY 1995-96 budget was prepared, contract negotiations were ongoing with the concessions/catering contractor for both the Civic Stadium and the Expo Center. The budget estimates for the Concessions/Catering expenditures were based



upon past experience, contract proposals received, and MERC's estimate of the terms that would be included in the negotiated contract.

Fine Host was awarded the contract for both the Civic Stadium and the Expo Center, which continued their contract at the Civic Stadium but made them the new contractor at the Expo Center. Within the contract there is a provision whereby the Contractor would complete the needed concessions capital improvements (\$100,000 for Stadium and \$450,000 for the Expo Center) and would be reimbursed for these improvements through capital installment payments over a six year period. This unanticipated expenditure necessitates, in part, these budget adjustments.

#### Expo Center Concessions/Catering and Improvements

When the budget for the Expo Center was prepared it was projected that concessions/catering expenditures would be 63% of the revenues received for this activity. Actual results have shown that, due to the capital installment payments for the capital improvements, and the higher operational costs, the expenditures are now projected to be 82% of revenues causing an additional expenditure of \$230,000 (\$148,240 in materials and services, and \$81,760 in capital outlay).

Staff has met with Fine Host to discuss the increase in operational costs. It appears it is due primarily to increased staffing costs. Additional staff have been used at events because of the contractor's unfamiliarity with Expo operations and an attempt to create goodwill with promoters during the change to a new concessions/catering contractor. MERC staff has met with the contractor to mitigate these costs and will continue to monitor the contract to insure that costs are brought down to an acceptable level.

#### Expo Center Parking Booths

An adjustment in capital outlay for Expo is requested for the purchase and installation of new parking cashier booths. Currently, there are four parking booths at Expo, three located at the front entrances and one at the back. The current structures are 2x4 framing with plywood covering which makes them wet, drafty, insecure, and visually offensive. In late fall of 1995, one booth was destroyed and another heavily damaged by a fire caused by arson. A third booth was hit by a vehicle recently. A temporary structure has replaced the booth that was destroyed but the need for a more permanent solution exists. The parking contractor has discussed this situation with the Expo Manager and strongly encourages replacing these booths. The costs for the replacement and installation of four booths is approximately \$35,000. The replacement booths would be secure and have electrical power similar to the booths located at the Oregon Convention Center.

Expo has also experienced an increase in parking revenue of approximately \$112,000. The associated increase in payments to the parking contractor is 10% or \$11,000. It is requested that the budget be adjusted to increase parking expenditures by \$11,000.

Both of the budget adjustments related to the Expo Center are possible due to an increase in fund balance of \$355,734 recognized in the audit of fiscal year 1994-95. This change in fund balance was reported in the Comprehensive Annual Financial Report (CAFR). A supplemental budget was submitted to the Tax Supervising and Conservation Commission (TSCC) adjusting the Expo Center budget and increasing appropriations in contingency. The Council adopted the supplemental budget via Ordinance No. 96-632 on March 7, 1996.

Civic Stadium Concessions/Catering and Improvements

It is projected that through the end of the fiscal year, revenues at Civic Stadium will increase by \$250,000 over the budgeted amount of \$906,081. This increase is primarily due to the success of the Portland Rockies during the 1995 season and their continued success expected in June, 1996. As a result of these increased revenues and capital installment payment for the capital improvements, an increase in concessions/catering expenditures of \$161,800 is required. The proposed budget amendment transfers expenditure appropriations from both Contingency and Capital Outlay.

FISCAL IMPACT

The adjustments in budget appropriations do not effect the total appropriations level in these funds. The changes are listed below:

	Revised Budget		Amendment		Revised Budget	
	thru 3/14/96					
<b>Civic Stadium</b>						
Personal Services	\$	687,171	\$	-	\$	687,171
Materials and Services		1,076,950		161,800		1,238,750
Capital Outlay		370,075		(64,199)		305,876
Contingency		97,601		(97,601)		0
	\$	2,231,797	\$	-	\$	2,231,797
<b>Expo Center</b>						
Personal Services	\$	525,266	\$	-	\$	525,266
Materials and Services		1,233,345		159,240		1,392,585
Capital Outlay		2,691,450		116,760		2,808,210
Contingency		539,924		(276,000)		263,924
	\$	4,989,985	\$	-	\$	4,989,985



## METRO

April 18, 1996

TO: Metro Council

FROM: Mike Burton, Executive Officer

RE: MERC Resolution Number 96-12

I have reviewed MERC Resolution Number 96-12 and have the following issues and concerns.

1. In the contract with Fine Host for concessions/catering services, MERC has included a loan from Fine Host for \$550,000 for improvements to the food and beverage operation at both the Civic Stadium and at Expo. The terms of this loan are 9% simple interest on the unpaid balance and the "repayment of the loan, on a straight line, monthly basis, shall be taken out of the operation as an expense item, to be amortized over six (6) years. Any remaining unpaid balance shall be repaid by Commission as a buy out of this Agreement is (sic) terminated for any reason, or if Concessionaire is not selected as the contractor for the period following June 30, 1999." (Fine Host contract, pg. 12)

This issue raises the following concerns:

- a. Metro General Counsel has informed me that Metro E-R Commission is not authorized to issue debt and this provision in the contract constitutes the issuance of debt.
- b. the interest rate is at 9% compared with 5-6% currently being charged through the special district capital lease program which Metro utilizes for capital lease needs.

2. The MERC staff report cites increased labor costs for concessions at Expo. MERC has stated that this increase was due to the change in contractor and the new contractor did not understand the business at Expo and was trying to build goodwill with event promoters.

This issue raises the following concerns:

- a. Although MERC has provided me with explanations as to what happened, I still question why this overage was not discovered and brought in line prior to January.
- b. Even though Fine Host was not the previous contractor at Expo, they have been providing concessions/catering services for MERC for several years and had more access to information on Expo operations than others. The operations at Expo should not have been a surprise of this magnitude.
- c. If this overage is a result of an error in a business decision made by Fine Host, is it MERC's responsibility to absorb the cost of the error made by Fine Host?

In conclusion, I do not recommend the adoption of Ordinance No. 96-641. I recommend that the Council discuss business practices with the Metro E-R Commission and, if the Council feels it is warranted, institute policies and procedures that better control this type of expenditure and/or make managers of the MERC operations more accountable to current policies and procedures.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 96-12

Authorizing a budget amendment to the FY 1995-96 Adopted Budget for the Civic Stadium and Expo Center (Spectator Facilities and Regional Parks and Expo Funds).

The Metropolitan Exposition-Recreation Commission finds that the following budget amendment is necessary:

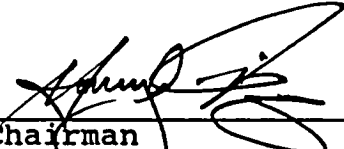
	<u>Adopted Budget</u>	<u>Amendment</u>	<u>Revised Budget</u>
Civic Stadium:			
Mat'ls & Services	\$1,076,950	\$ 180,000	\$1,256,950
Capital Outlay	\$ 370,075	\$ ( 82,399)	\$ 287,676
Contingency	\$ 97,601	\$ ( 97,601)	\$ 0
Expo Center:			
Mat'ls & Services	\$1,233,245	\$ 241,000	\$1,474,245
Capital Outlay	\$ 191,450	\$ 35,000	\$ 226,450
Contingency	\$ 539,924*	\$(276,000)	\$ 263,924


\*Subject to adoption of Ordinance No. 96-632 (Supplemental Budget) before the Metro Council.

BE IT THEREFORE RESOLVED:

That the Metropolitan Exposition-Recreation Commission approves the above budget amendment and submits it to the Metro Council.

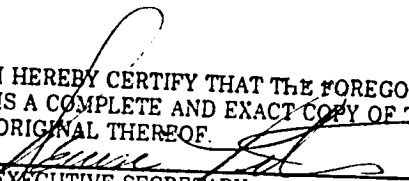
Passed by the Commission on February 14, 1996.

  
Chairman

  
Secretary-Treasurer

Approved as to Form:  
Daniel B. Cooper, General Counsel

By:   
Mark B. Williams  
Senior Assistant Counsel

I HEREBY CERTIFY THAT THE FOREGOING  
IS A COMPLETE AND EXACT COPY OF THE  
ORIGINAL THEREOF.  
  
EXECUTIVE SECRETARY,  
METROPOLITAN E-R COMMISSION

STAFF REPORT

Agenda/Item Issue: Approval of amendment to the FY 95-96 budget for Civic Stadium and Expo Center.

Resolution No. 96-12

Date: February 14, 1996

Presented by: Heather Teed

**BACKGROUND AND ANALYSIS:**

At the time the FY 95-96 budget was prepared, contract negotiations we on-going for the Concessions/Catering contractor for the Stadium and Expo. The budget estimates for Concessions/Catering were based on past experience, the contract proposals and our estimate of terms that would be included in the final contract.

As a result of those contract negotiations, Fine Host was awarded the contract for the Stadium and Expo. The Expo had previously been serviced by a different contractor. Additionally, the contract contained a provision whereby the Contractor would pay for needed Concessions capital improvements (\$100,000 for Stadium and \$450,000 for Expo) and would be reimbursed through operations over a 6 year period. This new expense necessitates, in part, an adjustment to the budgeted expenditures.

For the Stadium, Concessions/Catering revenues are expected to increase approximately \$250,000 over the budgeted amount. That increase is due mainly to the Portland Rockies' success experienced in the summer of 1995 as well as the projected continued success of their season in June 1996, which affects this fiscal year. Because of this increase in revenue, and to recognize the impact of the amortization of the capital improvements pay-back, an increase in Concessions/Catering expenditures of \$180,000 is necessary. This amount will be taken from a combination of Contingency and Capital Outlay appropriations.

For Expo, Concessions/Catering revenues are projected to remain as budgeted. However, due to the capital improvements pay-back as well as other increased costs in the operations, an increase in Concession/Catering expenditures of \$230,000 is required.

When the Expo budget was prepared, we had assumed expenditures as a percentage of revenues for Concessions/Catering would be 63%. The capital improvements amortization has an impact of adding another 10%. Additionally, the operational costs are higher than projected. We now expect the percentage of expenditures to revenues to be 82%.

Staff has met with Fine Host to discuss the increase in operational costs. It appears that the increase is due primarily to increased staffing costs. Because Fine Host was unfamiliar with Expo operations and in an attempt to keep the promoters "happy" during this transition to a new vendor, additional staff have been used during events. MERC staff will continue to monitor this situation and work with Fine Host to bring costs down to an acceptable level. In the mean time, given the number of months remaining in the fiscal year, combined with the number of events remaining, we believe this budget amendment is conservative, yet appropriate.

Additionally, the Expo has experienced an increase in parking revenues over budget of approximately \$112,000. The associated costs of this increase is 10% or \$11,000. We request that an increase of \$11,000 be appropriated to Parking expenditure.

One additional budget change is to increase Capital Outlay \$35,000 for the purchase and installation of new parking houses. There are currently four parking houses at Expo: three located at the front entrance to the parking lot and one at the rear. These parking houses are 2X4 framing with plywood covering, have no security, are drafty, wet and visually offensive. In late fall of 1995, one of the parking houses was destroyed and another heavily damaged by fire from an arsonist. We have been substituting a portable box office for the house that was destroyed. Additionally, a third house was recently hit by a vehicle. The parking contractor has discussed this situation with the Expo Manager and strongly encourages replacing these houses.

Because of these unforeseen events, staff has determined that replacement of these parking houses is necessary. The costs of four houses is approximately \$30,000, with another \$5,000 for installation materials.

The total, then, for expenditure increases for Expo total \$276,000, to be taken from Contingency.

As a point of clarification, the Adopted Budget for Expo appropriated \$184,190 for Contingency; the Supplemental Budget for Expo adds \$355,734 to Contingency, for a total of 539,924. Therefore, assuming the eventual adoption of the Supplemental Budget by Metro Council, there will be sufficient Contingency to effect this expenditure increase.

**FISCAL IMPACT:**

Because the effect of these expenditure increases is to move monies among existing appropriations, there is no fiscal impact to the budgeted bottom-line for either facility.

**RECOMMENDATION:**

Staff recommends that the Commission approve the 1995-96 budget amendment for Civic Stadium and Expo Center and forward it to the Metro Council for their consideration and approval.