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# **MERC Commission Budget Retreat**

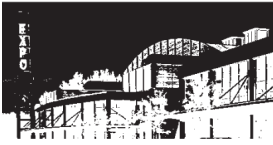
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November 2, 2016  
1:15 pm

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Oregon Convention Center  
777 NE Martin Luther King Jr. Blvd.  
Room VIP Suite B

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600 NE Grand Ave.  
Portland, OR 97232  
503-797-1780

www.oregonmetro.gov



# Metro | *Exposition Recreation Commission*

## Agenda

Meeting: MERC Budget Retreat  
Date: Wednesday, November 2, 2016  
Time: 1:15 – 3:00 p.m.  
Place: Oregon Convention Center, VIP Suite B

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- |             |           |   |                                 |
|-------------|-----------|---|---------------------------------|
| <b>1:15</b> | <b>1.</b> | <b>INTRODUCTION</b>   | <b>Commissioner Kryz-Rusoff</b> |
| <b>1:20</b> | <b>2.</b> | <b>GOALS FOR THE DAY</b>  | <b>Scott Cruickshank</b>        |
| <b>1:50</b> | <b>3.</b> | <b>BUDGET PREPARATION</b>   | <b>Ben Rowe</b>                 |
|             |           | <ul style="list-style-type: none"> <li>• FY 2017-18 Budget assumptions</li> <li>• FY 2017-18 Budget themes</li> </ul>   |                                 |
|             |           | <b>VENUE REPORTS</b>  | <b>Ben Rowe</b>                 |
|             |           | <b>Expo Center</b>  | <b>Matthew P. Rotchford</b>     |
|             |           | <ul style="list-style-type: none"> <li>• Expo Fund Forecast &amp; Reserves (Rowe)</li> <li>• Strategic Goals</li> <li>• Status Report: FY 2016-17 Budget Objectives</li> <li>• Future Opportunities &amp; Challenges</li> </ul> |                                 |
|             |           | <b>Portland's Centers for the Arts</b>  | <b>Jason Blackwell</b>          |
|             |           | <ul style="list-style-type: none"> <li>• P'5 Fund Forecast &amp; Reserves (Rowe)</li> <li>• Strategic Goals</li> <li>• Status Report: FY 2016-17 Budget Objectives</li> <li>• Future Opportunities &amp; Challenges</li> </ul>  |                                 |
|             |           | <b>Oregon Convention Center</b>   | <b>Matthew Uchtman</b>          |
|             |           | <ul style="list-style-type: none"> <li>• OCC Fund Forecast &amp; Reserves (Rowe)</li> <li>• Strategic Goals</li> <li>• Status Report: FY 2016-17 Budget Objectives</li> <li>• Future Opportunities &amp; Challenges</li> </ul>  |                                 |
| <b>2:50</b> |           | <b>Commission Budget Process Review</b>   | <b>Ben Rowe</b>                 |
|             |           | <b>ADJOURN</b>  |                                 |

**MERC Venues Budget Objectives Progress Report**  
**Fiscal Year 2016 – 17**

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**MERC Administration**  
**FY 2016-17 Key Budget Objectives Progress Report**  
**November 2, 2016**

**KEY OBJECTIVES FOR FY 2016-17**

- **Execute the FOTA improvement implementation plan.**
- **Develop and implement phase III of the Expo Project**
- **Provide a semi-annual Portland’5 Project Progress Report to the MERC Commission.**
- **Maintain oversight, facilitation, and regular and timely reporting to stakeholders of the required minority contracting and workforce equity goals throughout the construction of the OCC Hotel project.**

**Execute the FOTA improvement implementation plan.**

**Status: IN PROGRESS**

On October 5<sup>th</sup> 2016, the Commission and the FOTA Task Force received a joint briefing on the implementation of the improvements made to FOTA program to date. Aramark and Metro Human Resources teams have implemented FOTA program changes and are seeing the desired results. Both Metro and Aramark HR reported the expansion of the geographic boundaries to 15 zip codes has increased the number of applicants. Additionally, internal process improvements have been implemented to mitigate bias. Both HR teams have implemented enhanced outreach and hired four full-time positions in 2016 with an additional six full-time position recruitments in process. Both teams have improved tracking, reporting and process assessment/feedback.

**Develop and implement phase III of the Expo Project.**

**Status: IN PROGRESS**

MERC received the Market and Financial Feasibility Study conducted by Hunden Strategic Partners in 2014. The project manager and Finance Manager conducted an in-depth financial scenario review with the Expo Internal Advisory Committee in 2015. The Advisory Committee proposed to utilize internal financial levers like TLT Pooled Capital to extend Expo’s fund reserves until 2025 and also explore hybrid campus business model options. The Expo Project Internal Advisory Committee met in July 2016 to discuss specific potential investments in Hall C (60,000 square feet) that could maximize its usability and year-round revenue generation. The Committee identified 12 items; the top 3 of which are below that would facilitate this objective listed in order of priority:

1. Improving the insulation, heating and air conditioning of the space
2. Building a lobby / transitional space for ticketing and secure building entry.
3. Cosmetic upgrades including but not limited to, sandblast/expose natural wood, paint walls, window treatments, carpet and sound upgrades.

The Construction Management team (cPMO) also discovered that an investment of \$175,000 or more requiring a building permit into the structure of Hall C may trigger an American Society of Civil Engineers (ASCE) 31 seismic evaluation. However, HVAC upgrades (only requiring a mechanical permit) would not trigger this evaluation. Expo will incorporate these recommendations into their Capital Improvement Plan.

## **MERC Venues Budget Objectives Progress Report Fiscal Year 2016 – 17**

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Expo is currently conducting a Facility Condition Assessment (FCA) in October 2016. Once we have the results of the FCA, further details and costs on the Hall C recommendations, a further review of the hybrid campus business model, and the updated financial forecast, the project team will have more information to provide recommendations to the Commission and Metro Council on next steps. The Expo project currently has no resources other than internal staff and contracted agents assigned to manage it because of David Fortney's transition to the Diversity, Equity, and Inclusion Program.

### **Provide a semi-annual Portland'5 Project Progress Report to the MERC Commission.**

#### **Status: IN PROGRESS**

The City of Portland commissioned a facility condition assessment of all of its spectator venues including Portland'5 during the summer of 2016. Portland'5 staff have reviewed the report and submitted their feedback to the City of Portland. David Fortney was tasked with managing the Portland'5 project, however has transitioned to managing the Construction Career Pathways Project in the Diversity Equity and Inclusion program. The Portland'5 project currently has no resources assigned to manage it. We still need to identify any outstanding required information i.e. ADA and tier II seismic studies, prioritize and quantify capital needs, conduct a funding gap analysis, study capital options, and identify appropriate stakeholders and frame issue statements to discuss with the City of Portland.

### **Maintain oversight, facilitation, and regular and timely reporting to stakeholders of the required minority contracting and workforce equity goals throughout the construction of the OCC Hotel project.**

#### **Status: IN PROGRESS**

On October 5<sup>th</sup>, 2016, the Commission and the FOTA Task Force received a joint briefing on the goals and strategies of the minority and workforce equity goals for the OCC Hotel project. With Hillary Wilton out of the office for several weeks, Stephanie Soden has taken the reins of this project. The project goals include:

- Exceed 20% of all hard construction costs contracted to M/W/ESB or COBID firms Certified by the State of Oregon
- Exceed 20% of apprentice-able trade labor hours to be worked by apprentices
- Exceed 15% of Project labor hours worked by women
- Exceed 30% of Project labor hours worked by people of color
- Engage and encourage participation by VOSB

The Metro project team is committed to both supporting and holding Mortenson accountable for its business and workforce equity goals through:

- Diligent planning
- Active support
- Regular oversight
- Consistent reporting to the community

Planning for community outreach and engagement and reporting and updates is currently being developed in conjunction with the Mortenson team. It is estimated that the MERC Commission will receive quarterly reports on progress. The project team will present progress reports to the Metro Council semi-annually.

**MERC Venues Budget Objectives Progress Report  
Fiscal Year 2016 – 17**

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**Portland Expo Center  
FY 2016-17 Key Budget Objectives Progress Report  
November 2, 2016**

**KEY OBJECTIVES FOR FY 2016-17**

- **Develop strategies and data analysis that support a long-term funding proposal for inclusion of the Portland Expo Center within the Visitor Facility Trust Account (VFTA).**
- **Implement strategies and a staff-driven culture that supports operating revenue enhancement and continued cost containment for the long-term.**
- **Create a long-term capital project plan to a ten-year horizon to maintain an ending fund balance until debt-service payments for Hall D are completed in 2025.**
- **Expand the region's understanding of the complete history, role and economic impact of the Expo Center campus and the numerous public events we host.**
- **Expand the region's understanding of the complete history, role and economic impact of the Expo Center campus and the numerous public events we host.**
- **Develop an event production team that drives new revenue streams through event development, sponsorship/advertising, and use of key dates that create lasting community benefits for our stakeholders.**
- **Continue MTOCA funded and brand-centric improvements to the existing campus that enhance the customer experience and support a modern, welcoming and vital event campus.**

**Develop strategies and data analysis that support a long-term funding proposal for inclusion of the Portland Expo Center within the Visitor Facility Trust Account (VFTA).**

**Status: ON GOING**

The Expo Center continues to build strong community relationships, fosters the growth of new and local events as well as developing long-term community traditions. The Expo Center's FY15 economic impact report shows total spending of over \$41M; 430 jobs and total earnings beyond \$16M. These kinds of economic impacts, including tax revenue generation of \$1.2M, have been documented for many years now. The Expo is a key economic driver in our region that serves over 400,000 patrons each year for public events, corporate meetings and even arts programs and concerts. Each year, the Expo Center improves its campus, connects to our history and expands its offerings with a growing number of diverse events and community celebrations. As part of these ongoing efforts related to the Expo Project, Transit Lodging Tax (TLT) collection data from hoteliers in three surrounding zip code areas in North and Northeast Portland were gathered in early 2016. This data focuses on the hotels that are closest to the facility and the vital impact the Portland Expo Center has on their business efforts. There have been numerous informational meetings with both individual and small groups of Metro Council and MERC Commissioner leadership in relation to the ongoing Expo project. Through that work, we are framing a positive dialogue for the inclusion of the Expo Center within the Visitor Facility Trust Account (VFTA) as a deserving venue to receive such support.

**Implement strategies and a staff-driven culture that supports operating revenue enhancement and continued cost containment for the long-term.**

**Status: ON GOING**

The focus on revenue generation has been ongoing and successful. A series of meetings have been established for all managers with Ben Rowe, MERC Finance Manager. Emphasis of the meetings have been on revenue generation and continued efforts on expense mitigation and budget control.

## **MERC Venues Budget Objectives Progress Report Fiscal Year 2016 – 17**

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This also resulted in enhanced Sales goals for the Sales team and a record breaking Q1 for that team. Further results of this work has been targeting for dynamic pricing in food and beverage for certain events, marketing efforts that drive attendance and per caps, continued expansion of our own drive-in movie series and strong emphasis on the expansion of advance ticket sales by all clients. The team is creating strategies to reward staff that creates revenue enhancement ideas, rentals or services.

### **Create a long-term capital project plan to a ten-year horizon to maintain an ending fund balance until debt-service payments for Hall D are completed in 2025.**

#### **Status: ON-GOING, COMPLETED**

In FY16, as part of the budget process for the FY17 fiscal year, a five and a ten year capital plan were created that was in coordination with, and a part of the Expo Project. In this work and analysis, an approach during the FY17 budget process was established that focused on retaining our existing fund balance of over \$2M, utilized TLT Pooled Capital funding as a reimbursement source for all capital expenses and focused on reaching the horizon date of 2025 when the final bond payment for the Portland Expo Center (Hall D) sunsets. In addition to this effort, the general obligation bond was refinanced in FY17 creating an additional savings adjustment over the life of that bond. Both the five, and for the Expo – the ten year capital planning efforts, are being revisited during the upcoming budget cycle.

### **Expand the region’s understanding of the complete history, role and economic impact of the Expo Center campus and the numerous public events we host.**

#### **Status: ON GOING**

In May of 2016, the Portland Expo Center successfully hosted *“Honoring our History – A Reflection on the Vanport Flood and the Portland Assembly Center.”* In doing so, staff partnered with Oregon Nikkei Legacy Project, APANO, Vanport Mosaic and Portland Public Schools (Beaumont Middle School). The event showcased vendors, artifacts and history of the time periods as well as interview reflections conducted by the students themselves. The event included a reception for Metro and MERC leadership and many other guests. As part of our ongoing work to support Metro’s overall DEI effort, the Expo Center was also proud to host the bus transportation for a multitude of Roosevelt HS students to attend the play, *“Cottonwood in the Flood”* as part of the Vanport Mosaic events. In Q1 of FY17, Expo staff met with the non-profits leadership to discuss further ways that we expand our partnership. Lastly, with the efforts of Beriult Media and BRINK, the Expo Center is formulating an outreach plan that will include the annual report detail and brief meetings with local and regional officials to build a better baseline understanding of the Expo’s economic and other positive impacts to our community.

### **Develop an event production team that drives new revenue streams through event development, sponsorship/advertising, and use of key dates that create lasting community benefits for our stakeholders.**

#### **Status: IN PROGRESS**

As part of our FY17 budget plans, contracted services funds were allocated to provide focused assistance to the team for self-produced events, sponsorships and other related items such as marketing and vendor coordination. An RFP was issued in early FY17 that garnered interest from a number of event planners with such experience. However, ultimately no one responded in a timely way to meet the deadlines. The staff regrouped with the efforts of Beriult Media to execute the

**MERC Venues Budget Objectives Progress Report**  
**Fiscal Year 2016 – 17**

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drive-in event and have since reviewed that existing agreement for a detailed scope of work to expand their existing contract. Emphasis on the agreement is to expand community sponsorships, enhance partnership opportunities and meet targeted revenue and attendance goals. Scope will include the expansion of self-produced events within the consumer public show market.

**Continue MTOCA funded and brand-centric improvements to the existing campus that enhance the customer experience and support a modern, welcoming and vital event campus.**

**Status: ON-GOING**

In Q1 alone, marketing efforts have included development of media suites to fully advantage the use of our electronic signage installed in early Q1. MTOCA funds have provided for physical improvements to the signage throughout the facility for both ADA requirements and upgrades in professionalism. ATM's were protected and enhanced by the addition of four ATM "sleeves" to protect against theft. Parking booths were wrapped in graphic wraps that provide a connection towards our new logo effort as a phase one in those improvements. For the drive-in event, lighting and other event items were either purchased or rented to enhance the patron experience. Lastly, through use of our mail database, continued outreach is sustaining increased ticket sales, food and beverage features and event attendance. In the coming year, additional lobby seating and other enhancements to the Connector F&B area will further improve the patron experience.

**MERC Venues Budget Objectives Progress Report  
Fiscal Year 2016 – 17**

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**PORTLAND'S CENTERS FOR THE ARTS  
FY 2016-17 Key Budget Objectives Progress Report  
November 2, 2016**

**KEY OBJECTIVES FOR FY 2016-17**

- **Continue business development initiative via Portland's Presents events.**
- **Continue to develop and implement a plan to address long term funding strategy for Portland's.**
- **Continue to develop and implement revitalization plan for the Portland's Foundation.**
- **Continue development of sponsorship, advertising and marketing initiatives that generate revenue.**
- **Develop education and community engagement program.**

**Continue business development initiative via Portland's Presents events.**

**Status: IN PROGRESS, ON GOING**

Portland's Presents has 41 performances booked thus far and anticipates booking a total of 60 shows. Booking for FY18 is already in process. Approximately \$55,000 in advertising, sponsorships and grants has been received thus far. Second issue of the Portland's Presents show season brochure is out and we are planning another issue in Jan. 2017 with an update of shows that will conclude our fiscal year. Co-presentation collaborations continue with the Portland Jazz Festival and Chamber Music Northwest as well as a new collaboration with Portland Classic Guitar. We are also a sponsor of the 2016 Wordstock Festival with Literary Arts and are a presenting sponsor for the Oregon Symphony's Soundsights series.

**Continue to develop and implement a plan to address long term funding strategy for Portland's.**

**Status: IN PROGRESS**

The City funded facility condition assessments of their spectator facilities this summer and included the Keller, Schnitzer and the Hatfield. These reports were reviewed and a gap analysis completed to determine if any critical items have been omitted. These comments were forwarded to the City of Portland for review and discussion. The city also completed a Title II ADA assessment and P5 staff have been reviewing for comment.

**Continue to develop and implement revitalization plan for the Portland's Foundation.**

**Status: IN PROGRESS**

Foundation is the process of hiring a Development Manager. Job description was written and posted applications are being solicited through Oct. 15<sup>th</sup>. Screening and interviews to follow with goal of having position filled by Dec. 1.

**Continue development of sponsorship, advertising and marketing initiatives that generate revenue.**

**Status: IN PROGRESS**

Season sponsor renewed their \$20,000 advertising sponsorship and local Toyota dealers gave a \$20,000 sponsorship for student transportation expenses of our education events. Sponsor levels were raised for Music on Main and generated an additional \$5,000 in revenue over previous years. Conversations about sponsorship opportunities continue for Music on Main, our educational outreach programs and P5 season presentations.

**Develop education and community engagement program.**

**Status: IN PROGRESS**



**MERC Venues Budget Objectives Progress Report**  
**Fiscal Year 2016 – 17**

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An education and community engagement coordinator has been hired and is in the process of organizing our 11 educational programs targeting Title I schools in Portland and expanding into the region. Two National Geographic Live events will be presented to Title I elementary and Jr. high students both live in the Newmark Theatre and via live stream into the classroom.

**MERC Venues Budget Objectives Progress Report  
Fiscal Year 2016 – 17**

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Oregon Convention Center  
FY 2016-17 Key Budget Objectives Progress Report  
November 2, 2016

**KEY OBJECTIVES FOR FY 2016-17**

- **Develop 15-20 year capital plan from Facility Master Plan and Facility Assessment work. This will help determine future fund balance requirements or need for alternative funding sources.**
- **Develop new employee recognition program to replace B the D**
- **Develop a sales and marketing plan for Hyatt Hotel Convention package.**
- **Obtain a 70% Diversion rate through the new Waste Diversion Policy.**
- **Achieve reduction in energy costs through completed lighting projects and operational solar array.**
- **Improve OCC cellular service and WiFi capabilities through a neutral host Distributed Antennae System (DAS).**
- **Improve OCC WiFi capabilities by adding additional WiFi arrays throughout facility based on network coverage survey to improve WiFi capacity and better handle high density needs for event attendees**
- **Improve OCC cellular service and WiFi capabilities by upgrading fiber backbone throughout to increase network capacity.**
- **Improve ability to connect with customers through social media.**
- **Implement a program to increase Food & Beverage sales to Exhibitors Services**
- **Complete a staffing study**

**Develop 15-20 year capital plan from Facility Master Plan and Facility Assessment work. This will help determine future fund balance requirements or need for alternative funding sources.**

**Status: IN PROGRESS, ON-GOING**

The Facility Condition Assessment report is complete. The results will be used to inform the 15-20 year capital plan, as well as address deficiencies. The Facility Master Plan is in process with a focus on preparing OCC for opening of the new convention center hotel in 2019. The plan identifies multiple phases, potential funding sources to address current and future needs of the facility and a design for exterior landscape and entry pavilion project.

**Develop new employee recognition program to replace B the D**

**Status: COMPLETED**

The OCC established a new Employee Engagement Program in May 2016. The new committee is charged with four main aspects, including a mechanism for regular and ongoing engagement activities; an anticipated result produced by engagement activities; a budget plan and allocation; and a comprehensive program management plan administered by a committee of staff members. Senior Team introduced this to staff at the August 8 All Staff Meeting.

**Develop a sales and marketing plan for Hyatt Hotel Convention package.**

**Status: IN PROGRESS, ON-GOING**

Members of OCC Leadership and Sales teams, Travel Portland representatives and Hyatt Senior Leadership met in July to establish an ongoing relationship and educate the Hyatt team on the current process for booking business. To date, Travel Portland and the hospitality community created an incentive program to book business in need years of 2018-2019 with an eye to adding business while the hotel/OCC are under construction.

**MERC Venues Budget Objectives Progress Report**  
**Fiscal Year 2016 – 17**

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**Obtain a 70% Diversion rate through the new Waste Diversion Policy.**

**Status: IN PROGRESS**

The facility wide diversion rate for 2015-16 was 65 percent. On January 1, 2016, the OCC implemented the Waste Diversion Policy, with a goal to educate non-diversion compliant customers on sustainability and implement new practices. As of October 2016, the OCC has reached a 75% Waste Diversion Policy customer compliance rate. Staff have tested allocating funds collected from non-compliant customers' forfeited deposits to hire temporary staff to sort collected trash, diverting it from the waste stream. With minor adjustments, OCC will continue to use the temp staff resource. OCC projects that the combination of increased customer compliance with the Waste Diversion Policy, in conjunction with on-site sorting, will prove enough to meet the overall goal of 70% facility wide diversion rate.

**Achieve reduction in energy costs through completed lighting projects and operational solar array.**

**Status: IN PROGRESS**

The OCC activated the two-megawatt solar array on August 4, 2016. As of October, it has produced 500,000 kilowatt hours of electricity. Later in August, the OCC updated the lighting in the Oregon Ballroom, Portland Ballroom and loading dock from fluorescent and incandescent to LED. Next, the OCC Electrical department will replace 85 watt fixtures with 55 watt fixtures throughout both levels of the OCC garage with expected completion in December. These changes will earn an incentive from the Energy Trust of Oregon and using internal staff for this project will result in extensive cost savings. The OCC released the RFP for the tower and atrium lighting in September to find a competitive bidder to install in early 2017. To date, costs have decreased, but it is too soon to determine the total annual savings.

**Improve OCC cellular service and WiFi capabilities through a neutral host Distributed Antennae System (DAS).**

**Status: IN PROGRESS**

OCC selected InSite Wireless through a competitive bid process to provide the DAS inside the facility. Presently, InSite and OCC are in final negotiations of the contract terms. The system is expected to be operational by the end of 2017.

**Improve OCC WiFi capabilities by adding additional WiFi arrays throughout facility based on network coverage survey to improve WiFi capacity and better handle high density needs for event attendees.**

**Status: IN PROGRESS**

OCC completed the purchase of additional Xirrus WiFi arrays and upgraded existing network switches to handle increased network density and speed. Over the next few months, staff will coordinate with the facility events schedule to install the arrays and network equipment.

**Improve OCC cellular service and WiFi capabilities by upgrading fiber backbone throughout to increase network capacity.**

**Status: IN PROGRESS**

The OCC works to finalize drawings and specifications to issue an RFB to upgrade the fiber optic infrastructure within the facility. The building currently has the original OM1 fiber. The selected contractor will replace the fiber with OM4 throughout the facility, allowing the OCC to increase network speeds up to ten times faster than currently available, or from 1Gbps to 10Gbps. The DAS project referenced above will improve cellular service.

**MERC Venues Budget Objectives Progress Report**  
**Fiscal Year 2016 – 17**

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**Improve ability to connect with customers through social media.**

**Status: IN PROGRESS, ON-GOING**

In September, the Graphic Designer of over 20 years retired. This allowed the opportunity to restructure the position to address OCC's enhanced marketing needs, with a focus on content creation for existing and new social media platforms. Content will surround events, OCC's branding message and sustainable programs. As of October, the OCC has over 4,200 Twitter followers and 28,000 Facebook friends. OCC recently recruited a highly qualified candidate to fill the new Marketing Coordinator position, and the team expects this new hire to take our social media followers and interactions to a new level.

**Implement a program to increase Food & Beverage sales to Exhibitors Services.**

**Status: ON HOLD**

To reach this goal, the OCC will need a new POS system. This process is currently stalled as challenges have surfaced with PCI compliance and Metro's IS department. Until challenges are resolved, and a clear direction is developed this program remains hold.

**Complete a staffing study.**

**Status: IN PROGRESS**

Metro's Human Resources department, in collaboration with an outside consultant, works to complete a MERC non-represented compensation and classification study. The teams expect to present results in November. Pending results, the OCC has a projected implementation time frame as early as July 1, 2017.

**Materials following this page are  
attachments to the public record.**

**MERC 5 - Year Forecast  
Budget Assumptions**

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Charges for Services* - OCC</b>	-5.00%	3.00%	3.00%	5.00%	5.00%	5.00%
<b>Charges for Services* - Expo</b>	3.00%	3.00%	3.00%	4.00%	4.00%	3.00%
<b>Charges for Services* - P5</b>	0.00%	1.00%	2.00%	3.00%	3.00%	3.00%
<b>TLT - OCC</b>	7.00%	7.00%	7.00%	7.00%	2.60%	2.70%
<b>TLT - Expo</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TLT - P5</b>	2.00%	1.12%	2.30%	2.40%	2.50%	2.60%
<b>MTOCA - OCC</b>	320,000	320,000	320,000	320,000	320,000	320,000
<b>MTOCA - Expo</b>	280,000	280,000	280,000	280,000	280,000	280,000
<b>Transfers - R</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>EXPENSES</b>						
<b>Personnel**</b>						
<i>COLA</i>	2.00%	2.40%	2.50%	2.60%	2.70%	2.80%
<i>Merit</i>	3.00%	2.60%	2.50%	2.40%	2.30%	2.20%
<i>Base Wage Increase</i>	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<i>Health &amp; Welfare Premium</i>	15,377	15,372	16,140	16,946	17,793	18,682
<i>Health &amp; Welfare % Increase</i>	5.00%	0.00%	5.00%	5.00%	5.00%	5.00%
<i>PERS Rate</i>	8.80%	12.60%	12.60%	16.50%	16.50%	20.40%
<i>PERS Rate Increase</i>	-8.27%	3.80%	0.00%	3.90%	0.00%	3.90%
<b>CPI</b>	2.00%	2.40%	2.50%	2.60%	2.70%	2.80%
<b>Materials &amp; Services</b>	2.00%	2.40%	2.50%	2.60%	2.70%	2.80%
<b>F&amp;B Expenditures</b>	2.00%	2.40%	2.50%	2.60%	2.70%	2.80%
<b>Transfers-E / Central Services</b>	3.00%	5.00%	3.00%	5.00%	3.00%	5.00%
<b>Debt Service</b>						
<b>Capital Expenditures</b>						

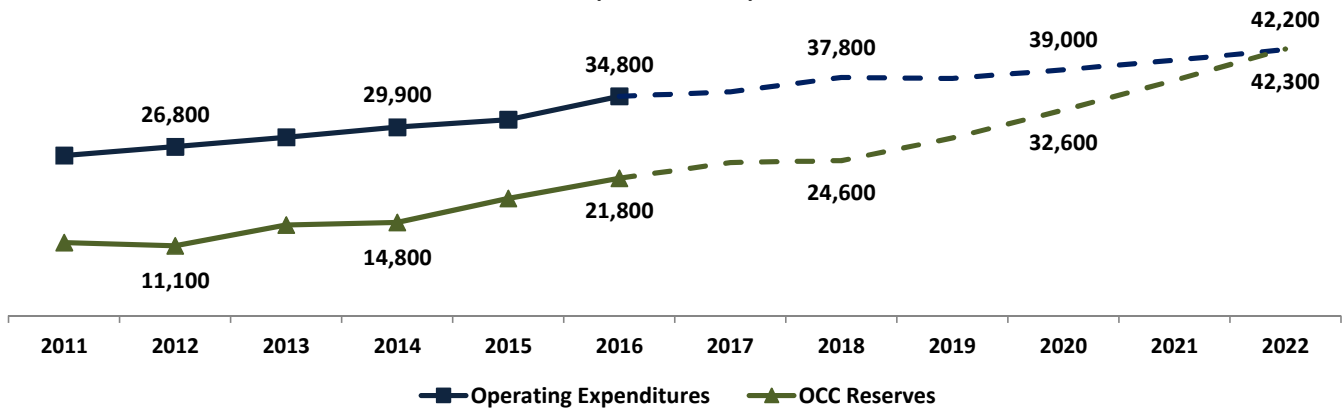
\*Charges for Services include: Rent & Rental Services, Admissions, Food & Beverage, & Parking

\*\*Personnel does not include FTE increase for Hotel

**Oregon Convention Center  
5-Year Forecast Summary  
(\$ Thousands)**

	CAGR 2011-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR 2017-2022
<b>Beginning Fund Balance</b>	10.2%	21,770	24,280	24,570	28,160	32,590	37,340	12.3%
<b>Operating Revenue</b>								
Event Revenue	8.5%	25,390	26,160	26,940	28,290	29,700	31,190	1.5%
TLT	5.4%	10,900	11,660	12,480	13,350	13,700	14,070	5.5%
Other	11.3%	5,650	1,690	1,730	1,780	1,840	1,890	4.1%
<b>Operating Revenues</b>	<b>8.7%</b>	<b>41,940</b>	<b>39,510</b>	<b>41,150</b>	<b>43,420</b>	<b>45,240</b>	<b>47,150</b>	<b>2.3%</b>
<b>Operating Expenditures</b>	<b>5.2%</b>	<b>35,490</b>	<b>37,810</b>	<b>37,560</b>	<b>39,000</b>	<b>40,480</b>	<b>42,180</b>	<b>3.3%</b>
<b>Net Operating (A)</b>		<b>6,450</b>	<b>1,700</b>	<b>3,590</b>	<b>4,420</b>	<b>4,760</b>	<b>4,970</b>	
<b>Capital</b>								
Grants & Other		-	-	-	-	-	-	
Aramark Capital Contrib.		400	480	560	130	240	400	
MTOCA		320	320	320	320	320	320	
TLT Pooled Capital		1,380	2,000	3,220	1,710	3,260	1,310	
<b>Total Capital Revenue</b>		<b>2,090</b>	<b>2,800</b>	<b>4,100</b>	<b>2,150</b>	<b>3,830</b>	<b>2,030</b>	
<b>Total Capital Expenditures</b>		<b>2,030</b>	<b>4,200</b>	<b>4,100</b>	<b>2,150</b>	<b>3,830</b>	<b>2,030</b>	
<b>Net Capital (B)</b>		<b>60</b>	<b>-1,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Hotel Development Exp. (C)		4,000	-	-	-	-	-	
Fund Balance Inc./((Dec) (A+B-C))		2,510	290	3,590	4,420	4,760	4,970	
<b>Ending Fund Balance</b>		<b>24,280</b>	<b>24,570</b>	<b>28,160</b>	<b>32,590</b>	<b>37,340</b>	<b>42,310</b>	

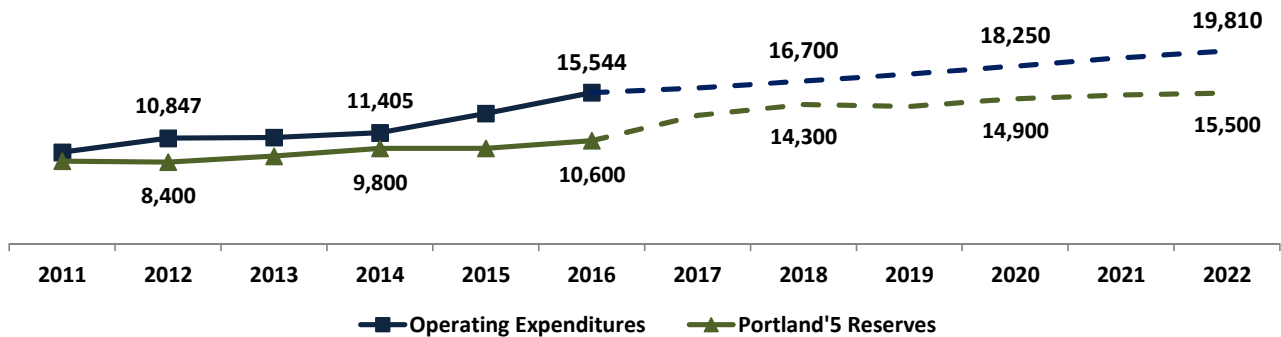
**Oregon Convention Center  
5-Year Forecast Summary  
(\$ Thousands)**



**Portland'5 Centers For The Arts  
5-Year Forecast Summary  
(\$ Thousands)**

	CAGR							CAGR	
	2011-16		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2017-2022
<b>Beginning Fund Balance</b>	3.3%		13,180	14,300	14,130	14,850	15,330	15,510	6.5%
<b>Operating Revenue</b>									
Event Revenue	16.3%		15,980	16,140	16,450	16,940	17,440	17,950	1.9%
TLT	2.2%		1,370	1,390	1,420	1,450	1,490	1,530	2.2%
City of Portland Support	2.1%		870	890	910	940	960	990	2.4%
Other	-13.7%		440	440	460	470	480	500	0.7%
<b>Operating Revenues</b>	<b>3.0%</b>		<b>18,670</b>	<b>18,860</b>	<b>19,240</b>	<b>19,800</b>	<b>20,370</b>	<b>20,970</b>	<b>1.7%</b>
<b>Operating Expenditures</b>	<b>10.6%</b>		<b>16,040</b>	<b>16,700</b>	<b>17,450</b>	<b>18,250</b>	<b>19,130</b>	<b>19,810</b>	<b>4.1%</b>
<b>Net Operating (A)</b>			<b>2,630</b>	<b>2,160</b>	<b>1,790</b>	<b>1,550</b>	<b>1,240</b>	<b>1,160</b>	
<b>Capital</b>									
Portland'5 Foundation/Grants			0	0	0	0	0	0	
Aramark Capital Contribution			100	110	140	50	60	90	
<b>Total Capital Revenue</b>			<b>100</b>	<b>110</b>	<b>140</b>	<b>50</b>	<b>60</b>	<b>90</b>	
<b>Total Capital Expenditures</b>			<b>1,600</b>	<b>2,440</b>	<b>1,210</b>	<b>1,120</b>	<b>1,120</b>	<b>1,210</b>	
<b>Net Capital (B)</b>			<b>-1,500</b>	<b>-2,330</b>	<b>-1,070</b>	<b>-1,070</b>	<b>-1,060</b>	<b>-1,120</b>	
<b>Fund Balance Inc./(Dec) (A+B)</b>			<b>1,120</b>	<b>-170</b>	<b>720</b>	<b>470</b>	<b>180</b>	<b>40</b>	
<b>Ending Fund Balance</b>			<b>14,300</b>	<b>14,130</b>	<b>14,850</b>	<b>15,330</b>	<b>15,510</b>	<b>15,540</b>	

**Portland'5 Centers For The Arts  
5-Year Forecast Summary  
(\$ Thousands)**

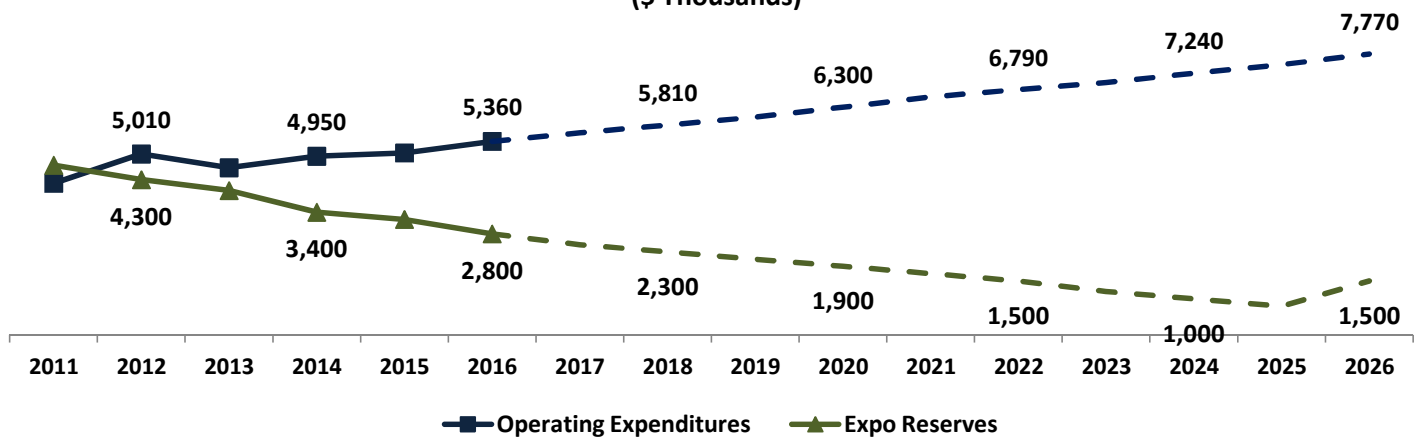




**Portland Expo Center  
5-Year Forecast Summary  
(\$ Thousands)**

	CAGR							CAGR
	2011-2016	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2017-2022
<b>Beginning Fund Balance</b>	-10.9%	2,840	2,530	2,350	2,130	1,910	1,680	-10.0%
<b>Operating Revenue</b>								
Event Revenue	3.2%	6,140	6,320	6,510	6,770	7,040	7,250	3.3%
MTOCA		280	280	280	280	280	280	0.0%
Other	-7.2%	50	50	50	50	50	50	0.0%
<b>Operating Revenues</b>	<b>4.2%</b>	<b>6,470</b>	<b>6,650</b>	<b>6,840</b>	<b>7,100</b>	<b>7,370</b>	<b>7,580</b>	<b>3.3%</b>
<b>Operating Expenditures</b>	<b>4.9%</b>	<b>5,600</b>	<b>5,810</b>	<b>6,030</b>	<b>6,300</b>	<b>6,590</b>	<b>6,790</b>	<b>4.0%</b>
<b>Net Operating (A)</b>		<b>870</b>	<b>840</b>	<b>810</b>	<b>800</b>	<b>780</b>	<b>790</b>	<b>-3.6%</b>
Debt Service (until 2025)		1,180	1,020	1,020	1,020	1,020	1,020	
<b>Operating Net of Debt Service (B)</b>		<b>-310</b>	<b>-180</b>	<b>-210</b>	<b>-220</b>	<b>-230</b>	<b>-230</b>	
<b>Capital</b>								
Grants & Other		0	0	0	0	0	0	
TLT Pooled Capital		998	498	827	795	683	612	
Aramark Capital Contrib.		140	170	70	30	70	140	
<b>Total Capital Revenue</b>		<b>1,140</b>	<b>670</b>	<b>890</b>	<b>830</b>	<b>760</b>	<b>760</b>	
<b>Total Capital Expenditures</b>		<b>1,140</b>	<b>670</b>	<b>900</b>	<b>830</b>	<b>760</b>	<b>760</b>	
<b>Net Capital (C)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Fund Balance Inc./(Dec) (A+B+C)		-310	-180	-210	-220	-230	-230	
<b>Ending Fund Balance</b>		<b>2,530</b>	<b>2,350</b>	<b>2,130</b>	<b>1,910</b>	<b>1,680</b>	<b>1,450</b>	

**Portland Expo Center  
Forecast Summary  
(\$ Thousands)**





Metro

# MERC Budget Retreat

November 2, 2016

# Agenda

Retreat Goals

Budget Preparation

- Budget assumptions
- Budget Themes

Venue Reports

- 5 – Year forecasts
- Strategic goals
- FY 2016-17 Annual goals progress report
- Opportunities & challenges

Commission budget process

Adjourn

# Goals

## Understand financial context

- Budget assumptions
- Budget themes

## Understand strategic context

- Strategic goals
- Annual goals
- Opportunities & challenges

## Understand dynamic of strategies and funding options

- Base budget expense = Base funding source
- One-time expense = One-time funding source
- Strategic opportunity = Outside funding strategy

## Identify additional topics of interest (themes)

# Budget Assumptions

<b>Revenue</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Charges for Services - OCC	-5.00%	3.00%	3.00%	5.00%	5.00%
Charges for Services - Expo	3.00%	3.00%	3.00%	4.00%	4.00%
Charges for Services - P5	0.00%	1.00%	2.00%	3.00%	3.00%
TLT – OCC	7.00%	7.00%	7.00%	7.00%	2.60%
TLT – P5	1.12%	2.00%	2.00%	2.00%	2.00%
TLT – Expo	0.00%	0.00%	0.00%	0.00%	0.00%
MTOCA – OCC	320,000	320,000	320,000	320,000	320,000
MTOCA – Expo	280,000	280,000	280,000	280,000	280,000
<b>Expenses</b>					
COLA	2.00%	2.40%	2.50%	2.60%	2.70%
Merit	3.00%	2.60%	2.50%	2.40%	2.30%
Health & Welfare \$	15,377	15,372	16,140	16,946	17,793
Health & Welfare %	5.00%	0.00%	5.00%	5.00%	5.00%
PERS Employer Rate	8.80%	12.60%	12.60%	16.50%	16.50%
PERS Employer Rate Increase	-8.27%	3.80%	0.00%	3.90%	0.00%
Consumer Price Index (CPI)**	2.00%	2.40%	2.50%	2.60%	2.70%
Central Services Costs	3.00%	5.00%	3.00%	5.00%	3.00%

# FY 2017-18 Budget Themes

## Capital Planning - Aligning:

- Campus Master Plan
- Facility Condition Assessment
- Annual Campus Maintenance
- Financial Forecast

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	OCC	Portland'5	Expo
Facility Master Plan	✓		
Facility Condition Assessment	✓	✓	
Annual Maintenance Plan	✓	✓	✓
Financial Forecast	✓	✓	✓

---

# FY 2017-18 Budget Themes

## Personnel Costs

- Minimum wage
- Non-represented class & compensation study
- Contact labor agreements / bargaining units

Date	Minimum Wage
July 1, 2016	\$ 9.75
July 1, 2017	\$ 11.25
July 1, 2018	\$ 12.00
July 1, 2019	\$ 12.50
July 1, 2020	\$ 13.25
July 1, 2021	\$ 14.00
July 1, 2022	\$ 14.75

# Contract Labor Agreements

<b>Expiration</b>	<b>Contract</b>
June 30, 2015	ILWU Local 28 (Security & Medical Technicians)
June 30, 2019	IATSE Local 28 (Stagehands)
June 30, 2019 est.	IATSE Local 28-1 (OCC AV Technicians)
June 30, 2016	IATSE Local B-20 ( Ticket Sellers & Ushers)
June 30, 2017	AFSME 3580 & 3580-1 Combined (Admin & Utility)
June 30, 2018	IUOE Local 701 (Operating Engineers)
December 31, 2017	IUOE Local 701-1 (Maintenance Technicians)
June 30, 2018	LIUNA Local 483 (Zoo Workers & Electricians)





# Contract Negotiation Factors

- Rapidly increasing minimum wage
- Political Activity
- Affordable Care Act
- Other ?

# MERC Admin FY 2016-17 Budget Priorities

Priority	OG	IP	C	CO
Execute the FOTA improvement implementation plan.			✓	
Develop and implement phase III of the Expo Project.		✓		
Provide a semi-annual Portland'5 Project Progress Report to the MERC Commission.		✓		
Maintain oversight, facilitation, and regular and timely reporting to stakeholders of the required minority contracting and workforce equity goals throughout the construction of the OCC Hotel project.	✓	✓		

OG – On-going, IP – In Progress, C – Complete, CO – Carry Over to next year

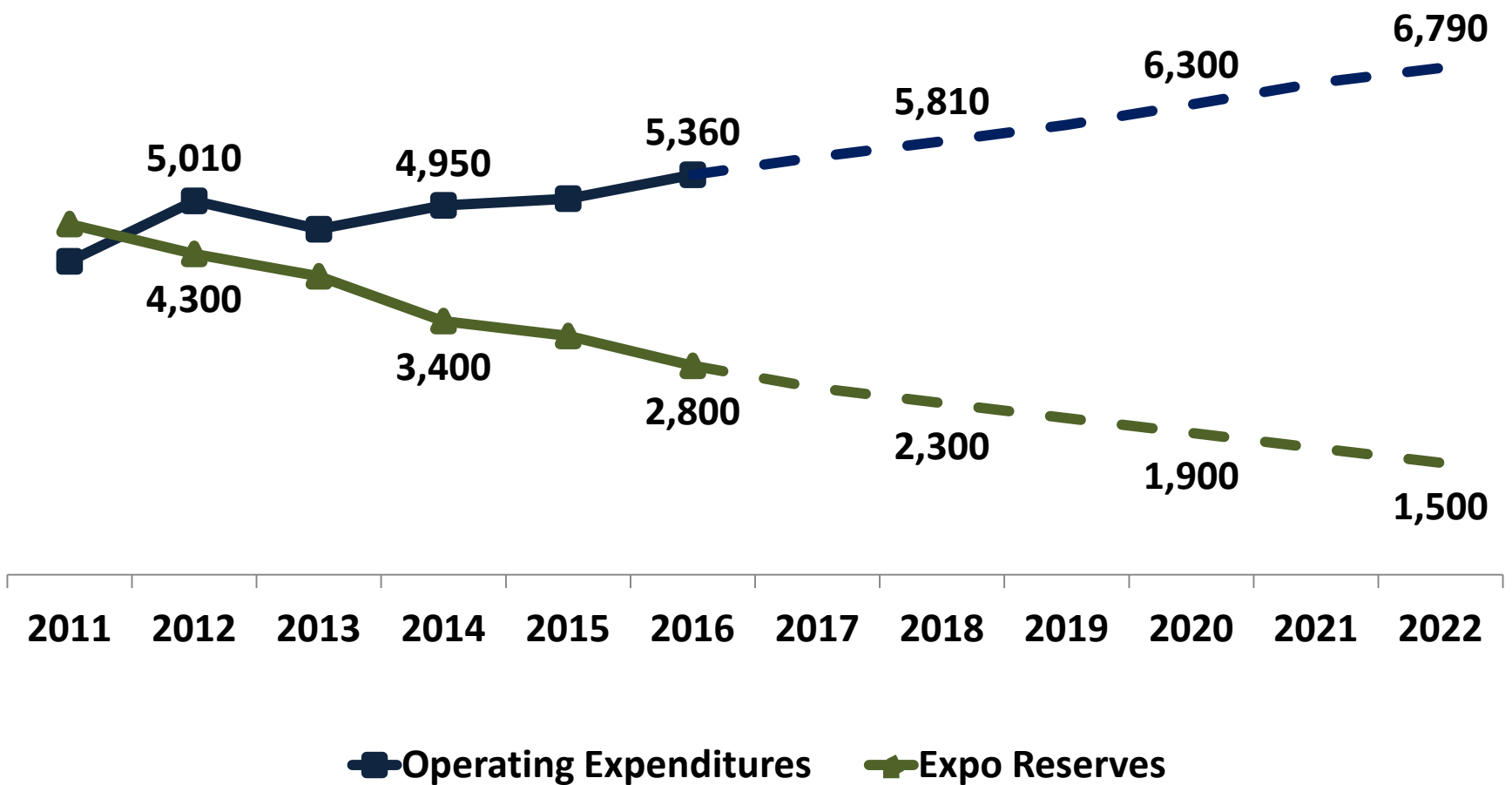


# Portland Expo Center

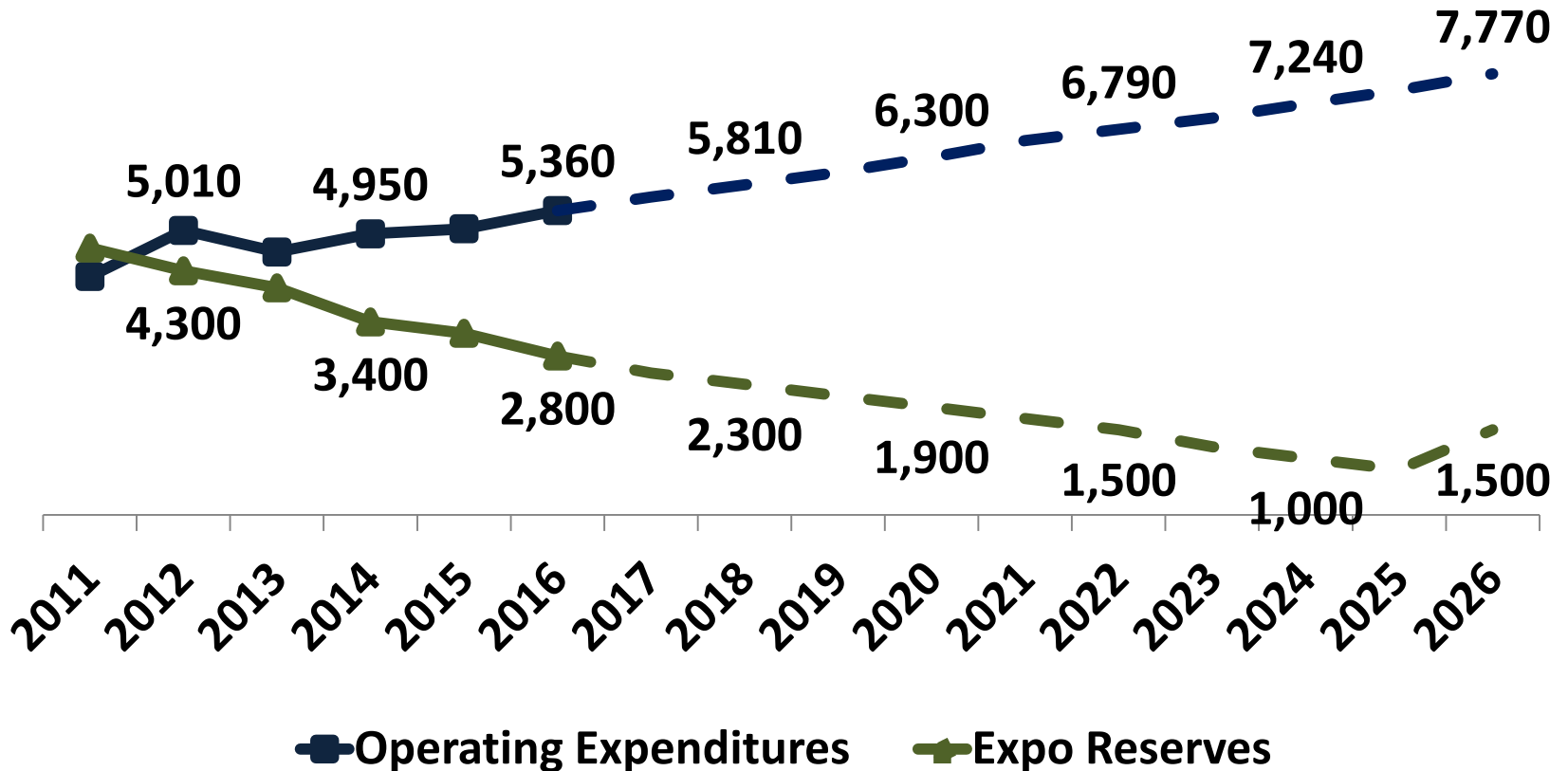
# Expo 5-Year Forecast (\$ Thousands)

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<b>Operating Revenue</b>								
Event Revenue	3.2%	6,140	6,320	6,510	6,770	7,040	7,320	3.5%
MTOCA		280	280	280	280	280	280	0.0%
Other	-7.2%	50	50	50	50	50	50	0.0%
<b>Operating Revenues</b>	<b>4.2%</b>	<b>6,470</b>	<b>6,650</b>	<b>6,840</b>	<b>7,100</b>	<b>7,370</b>	<b>7,650</b>	<b>3.5%</b>
<b>Operating Expenditures</b>	<b>4.9%</b>	<b>5,600</b>	<b>5,810</b>	<b>6,030</b>	<b>6,300</b>	<b>6,590</b>	<b>6,790</b>	<b>4.0%</b>
<b>Net Operating (A)</b>		<b>870</b>	<b>840</b>	<b>810</b>	<b>800</b>	<b>780</b>	<b>860</b>	<b>-3.6%</b>
<b>Debt Service (until 2025)</b>		<b>1,180</b>	<b>1,020</b>	<b>1,020</b>	<b>1,020</b>	<b>1,020</b>	<b>1,020</b>	
<b>Operating Net of Debt Service (B)</b>		<b>-310</b>	<b>-180</b>	<b>-210</b>	<b>-220</b>	<b>-230</b>	<b>-160</b>	
<b>Capital</b>								
Grants & Other		0	0	0	0	0	0	
TLT Pooled Capital		998	498	827	795	683	612	
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<b>Total Capital Revenue</b>		<b>1,140</b>	<b>670</b>	<b>890</b>	<b>830</b>	<b>760</b>	<b>760</b>	
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<b>Net Capital (C)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Fund Balance Inc./ (Dec) (A+B+C)</b>		<b>-310</b>	<b>-180</b>	<b>-210</b>	<b>-220</b>	<b>-230</b>	<b>-160</b>	
<b>Ending Fund Balance</b>		<b>2,530</b>	<b>2,350</b>	<b>2,130</b>	<b>1,910</b>	<b>1,680</b>	<b>1,520</b>	

# Expo 5-Year Forecast (\$ Thousands)



# Expo 5-Year Forecast (\$ Thousands)



# Expo Strategic Goals

**FISCAL RESPONSIBILITY** - Increase revenues and manage expenses through consistent review, educated risk assessment and short and long-term fiscal strategies.

**STAFF ENGAGEMENT AND LEADERSHIP** - Create opportunities to grow staff capacity for learning, development and relationship building.

**FACILITY STEWARDSHIP** - Responsible stewardship of professional event facility, public investments and ongoing facility and materials improvements.

**CUSTOMER / COMMUNITY RELATIONSHIPS** - Achieve superior customer service and mutually beneficial community relationships.

# Expo FY 2016-17 Priorities

Priority	OG	IP	C	CO
Develop strategies and data analysis that support inclusion of the Portland Expo Center within the Visitor Facility Trust Account (VFTA).	✓			
Implement strategies and a staff-driven culture that supports operating revenue enhancement and continued cost containment for the long-term.	✓			
Create a long-term capital project plan to a ten-year horizon to maintain an ending fund balance until debt-service payments for Hall D are completed in 2025.	✓		✓	
Expand the region's understanding of the complete history, role and economic impact of the Expo Center campus and the numerous public events we host.	✓			
Develop an event production team that drives new revenue streams through event development, sponsorship/advertising, and use of key dates that create lasting community benefits for our stakeholders.		✓		
Continue MTOCA funded and brand-centric improvements to the existing campus that enhance the customer experience and support a modern, welcoming and vital event campus.	✓			
<b>OG – On-going, IP – In Progress, C – Complete, CO – Carry Over to next year</b>				



# Expo Project Update

## Background / Milestones ~

- Inici Group – *Hall ABC Condition Report* – 2013
- Hunden Strategic Partners – *Market & Financial Feasibility Study* – 2014
- Internal Advisory Group – Multiple meetings and financial review - *Presentation to MERC Commission & Metro Council* - 2015
- Expo Project Team – *Reviewed Hall C Priority Items* – 2016
- Public Records Request – *N/NE Portland TLT Tax Data Analysis* - 2016

## Current ~

- Cardno – *Facility Condition Assessment* – 2016 (current)
- Review strategies and messaging for Hotel Tax VFTA request 2018
- Review complementary tenant uses (Hybrid business scenario)
- Hall C structural improvement reviews (HVAC / entry improvements)
- Discuss financial levers with MERC Budget Committee

# Expo Short-term

## Opportunities

## Challenges

Cirque du Soleil

Staffing vacancies and adequate bench for the team.

Expansion of in-house produced events with support from contracted agents.

Self-produced events require more staff time than we have capacity for (marketing/events).

Build a case for Expo's inclusion in the Visitor Facility Trust Account (VFTA) IGA

Multiple major capital projects that require staff oversight – roofs, electrical signage, etc.

Develop political awareness and understanding of the Expo's economic and community value

Parking agreement with TriMet Park and Ride

Continuing development of the Honoring our History event.

Lack of professional office spaces for Operations team and contracted agents.

Phase II of electronic signage – complete indoor, begin outdoor installations

Investment strategies for campus that reach ROI and enhance client/customer experience.

Expand Stormwater Greenwall plaza into new food court / beer garden

Security needs campus-wide.

# Expo Long-term

## Opportunities

Campus improvements that drive ROI and enhance customer experience

Potential business transition from OCC

Continued partnerships to enhance a future Expo campus.

Roof repairs may include solar opportunities

Naming rights, long-term sponsorships

## Challenges

Hybrid concept partnerships must work within the existing operational model.

Deferred maintenance challenges for older structures (Halls ABC).

Oregon Solutions cost impacts, Columbia River Crossing, TriMet Max expansion future unknown.

Shuttle lots required for large scale events – parking limitations to 2,500 spaces.

City of Portland pump station replacement (Force Ave.)

# Expo Budget Themes

- What about Expo does the Commission wish to hear more about during the budget process?

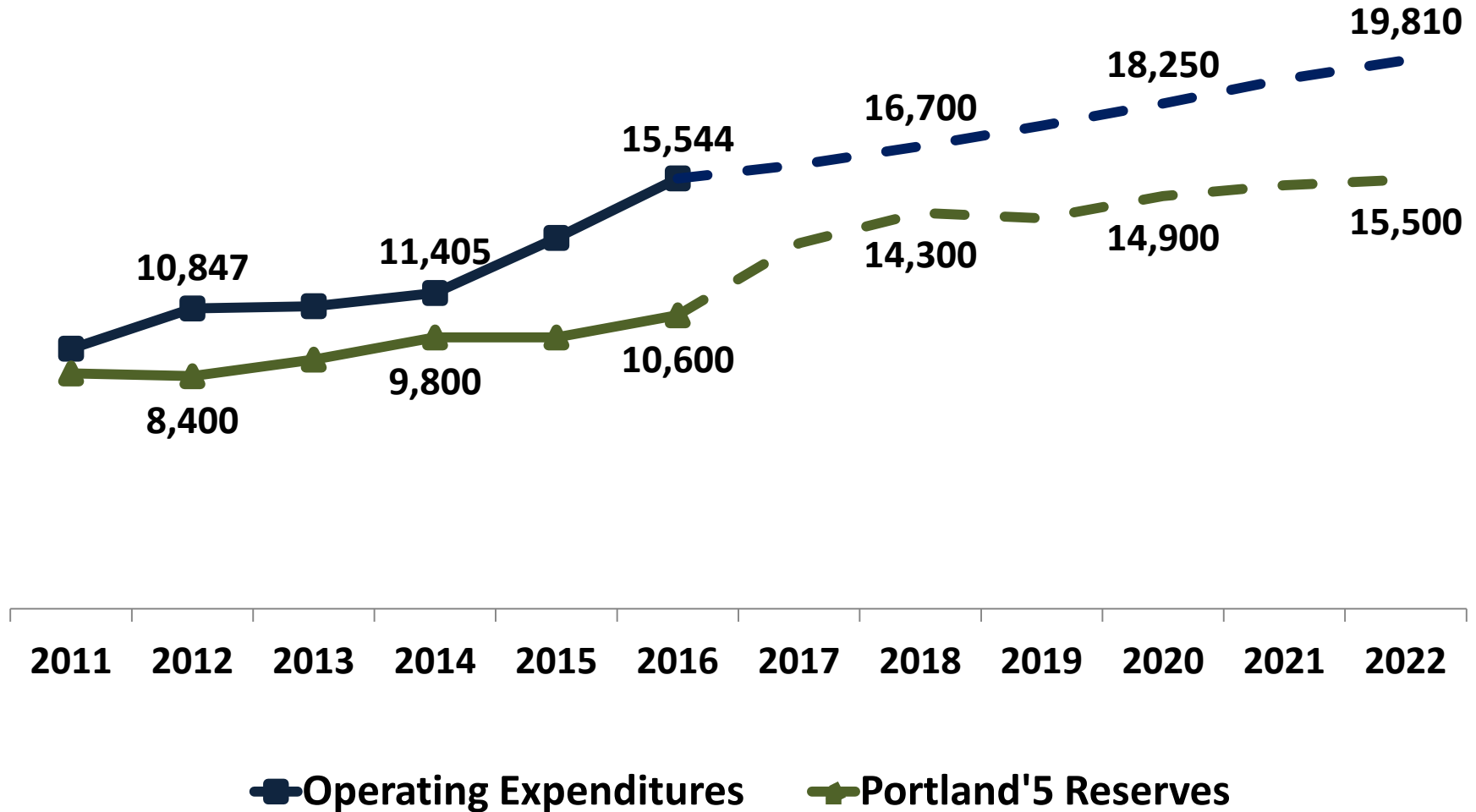


# Portland's 5 Centers for the Arts

# Portland's 5-Year Forecast (\$ Thousands)

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<b>Capital</b>								
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Aramark Capital Contribution		100	110	140	50	60	90	
<b>Total Capital Revenue</b>		<b>100</b>	<b>110</b>	<b>140</b>	<b>50</b>	<b>60</b>	<b>90</b>	
<b>Total Capital Expenditures</b>		<b>1,600</b>	<b>2,440</b>	<b>1,210</b>	<b>1,120</b>	<b>1,120</b>	<b>1,210</b>	
<b>Net Capital (B)</b>		<b>-1,500</b>	<b>-2,330</b>	<b>-1,070</b>	<b>-1,070</b>	<b>-1,060</b>	<b>-1,120</b>	
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<b>Ending Fund Balance</b>		<b>14,300</b>	<b>14,130</b>	<b>14,850</b>	<b>15,330</b>	<b>15,510</b>	<b>15,540</b>	

# Portland's 5-Year Forecast (\$ Thousands)



# Portland's Strategic Goals

**FISCAL RESPONSIBILITY** - Ensure adequate funding to protect the public's investment in P5 venues

**CUSTOMER SERVICE** - Consistently deliver exceptional customer service

**FACILITY STEWARDSHIP** - Maintain and enhance state-of-the-art facilities and event business operations

**PROFESSIONAL STAFF** - Cultivate an environment where P5 venues create a place where our diverse community of patrons, staff and volunteers feel safe, welcomed, accepted and valued

**COMMUNITY**-Ensure P5 serves and engages with diverse communities in order to foster and reinforce the understanding that the P5 venues belong to all people in our region



# Portland's Project Update

## **P5 Facility Condition Assessment (FCA)**

- Received, reviewed final report from Cardno & submitted to City of Portland.
- Identify FCA gaps & required additional studies

## **Quantify capital funding gap**

- Once all FCAs are complete, staff will quantify capital needs

## **Develop facility asset management plan**

- Prioritize scope and scale of improvements - align capital, maintenance, and business needs

## **Messaging and relationship with City of Portland**

- Frame messages, timing, and stakeholders for discussion

# Portland's FY 2016-17 Priorities

Priority	OG	IP	C	CO
Continue business development initiative via Portland's Presents events.	✓	✓		
Continue to develop and implement a plan to address long term funding strategy for Portland's.		✓		
Continue to develop and implement revitalization plan for the Portland's Foundation.		✓		
Continue development of sponsorship, advertising and marketing initiatives that generate revenue.		✓		
Develop education and community engagement program.		✓		
<b>OG – On-going, IP – In Progress, C – Complete, CO – Carry Over to next year</b>				

# Portland'5 Short-term

## Opportunities

Presenting/co-promotions bring new revenue opportunities.

Completed cost/revenue analysis of venues provides real view of subsidy levels by user group.

Marketing and sponsorship is growing now that there is dedicated personnel and more “real estate” to offer sponsors.

## Challenges

Staff resources not adequate to support presentations and increased event load. Overhead increases.

Financial health of major tenants is weak.

Portland'5 Foundation is languishing.

# Portland'5 Short-term

## Opportunities

Aramark capital investment will increase F&B revenues.

Portland'5 Foundation has begun revitalization process.

Continued participation in PAC-Stats and upcoming PAC-Stats Executive Forum will provide benchmarking stats that will keep us operationally sharp.

## Challenges

Rising Central Services costs will add pressure to operating costs.  
(Communications, Finance, IS, HR, Legal)

GM vacancy and ultimate new person in this role may cause lack of continuity in moving initiatives forward.

# Portland's Long-term

## Opportunities

Presenting/co-promoting broadens business base so to avoid becoming overly dependant on any one type of business.

Departmental reorganizations are showing efficiencies in costs with a higher level of maintenance.

Capital projects in recent years had a sustainability focus that will result in long-term operational savings.

Stronger relationship with the City of Portland has launched conversations around P5's capital needs.

## Challenges

Very high level of subsidy for resident companies may not be sustainable long term.

Rising personnel costs.

Capital needs of aging venues will soon outstrip reserves.

# Portland's Budget Themes

- What about Portland's does the Commission wish to hear more about during the budget process?



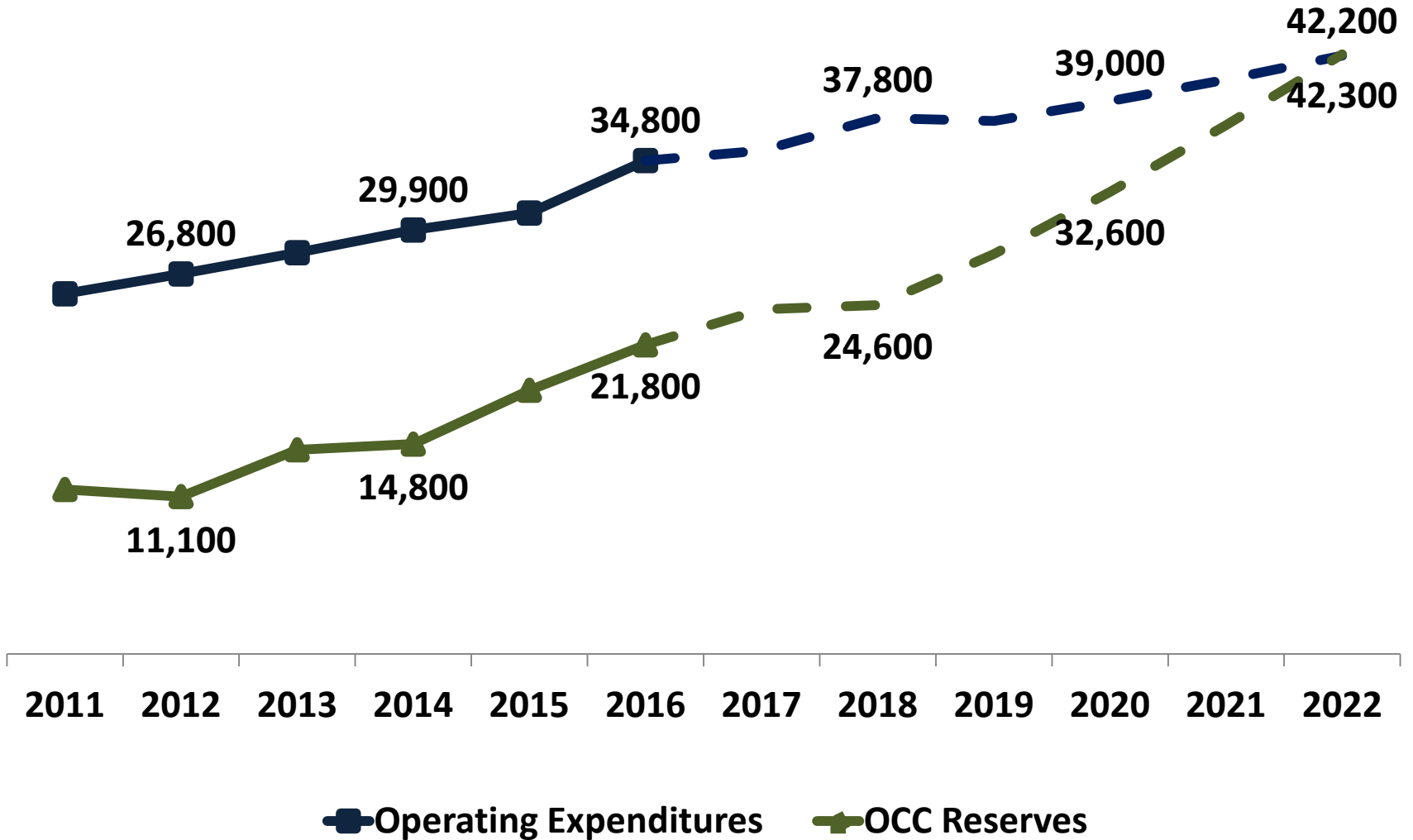
# Oregon Convention Center

# OCC 5-Year Forecast (\$ Thousands)

	CAGR 2011-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR 2017-2022
<b>Beginning Fund Balance</b>	10.2%	21,770	24,280	24,570	28,160	32,590	37,340	12.3%
<b>Operating Revenue</b>								
Event Revenue	8.5%	25,390	26,160	26,940	28,290	29,700	31,190	1.5%
TLT	5.4%	10,900	11,660	12,480	13,350	13,700	14,070	5.5%
Other	11.3%	5,650	1,690	1,730	1,780	1,840	1,890	4.1%
<b>Operating Revenues</b>	<b>8.7%</b>	<b>41,940</b>	<b>39,510</b>	<b>41,150</b>	<b>43,420</b>	<b>45,240</b>	<b>47,150</b>	<b>2.3%</b>
<b>Operating Expenditures</b>	<b>5.2%</b>	<b>35,490</b>	<b>37,810</b>	<b>37,560</b>	<b>39,000</b>	<b>40,480</b>	<b>42,180</b>	<b>3.3%</b>
<b>Net Operating (A)</b>		<b>6,450</b>	<b>1,700</b>	<b>3,590</b>	<b>4,420</b>	<b>4,760</b>	<b>4,970</b>	
<b>Capital</b>								
Grants & Other		-	-	-	-	-	-	
Aramark Capital Contrib.		400	480	560	130	240	400	
MTOCA		320	320	320	320	320	320	
TLT Pooled Capital		1,380	2,000	3,220	1,710	3,260	1,310	
<b>Total Capital Revenue</b>		<b>2,090</b>	<b>2,800</b>	<b>4,100</b>	<b>2,150</b>	<b>3,830</b>	<b>2,030</b>	
<b>Total Capital Expenditures</b>		<b>2,030</b>	<b>4,200</b>	<b>4,100</b>	<b>2,150</b>	<b>3,830</b>	<b>2,030</b>	
<b>Net Capital (B)</b>		<b>60</b>	<b>-1,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Hotel Development Exp. (C)		4,000	-	-	-	-	-	
Fund Balance Inc./((Dec) (A+B-C)		2,510	290	3,590	4,420	4,760	4,970	
<b>Ending Fund Balance</b>		<b>24,280</b>	<b>24,570</b>	<b>28,160</b>	<b>32,590</b>	<b>37,340</b>	<b>42,310</b>	



# OCC 5-Year Forecast (\$ Thousands)



# OCC Strategic Goals

**FISCAL RESPONSIBILITY** - Maintain 100% coverage of our operating budget with zero utilization of our reserves each year.

**ECONOMIC IMPACT** - Drive revenues that generate regional and statewide taxes that exceed OCC TLT subsidies by a 2 to1 ratio and annually exceed historical average of \$500M in economic impact.

**PROGRESSIVE LEADERSHIP** - Increase the 2016 sightline survey mean score of 3.3 to 3.6 and increase the 2017 cultural compass diversity survey mean agreement score of 3.5 to 3.6

**MAINTAIN HIGH QUALITY PUBLIC ASSET** - Invest available capital funding and human resources effectively and efficiently to maintain a world class facility.

# OCC FY 2016-17 Priorities

Priority	OG	IP	C	CO
Develop 15-20 year capital plan from Facility Master Plan and Facility Assessment work. This will help determine future fund balance requirements or need for alternative funding sources.	✓	✓		
Develop new employee recognition program to replace B the D			✓	
Develop a sales and marketing plan for Hyatt Hotel Convention package.	✓	✓		
Achieve a 70% Diversion rate through the new Waste Diversion Policy.		✓		
Achieve reduction in energy costs through completed lighting projects and operational solar array.		✓		
Improve OCC cellular service through a neutral host Distributed Antennae System (DAS).		✓		

**OG – On-going, IP – In Progress, C – Complete, CO – Carry Over to next year**

# OCC FY 2016-17 Priorities

Priority	OG	IP	C	CO
Improve OCC WiFi capabilities by adding additional WiFi arrays throughout facility based on network coverage survey to improve WiFi capacity and better handle high density needs for event attendees		✓		
Improve OCC WiFi capabilities by upgrading fiber backbone throughout to increase network capacity.		✓		
Improve ability to connect with customers through social media.	✓	✓		
Implement a program to increase Food & Beverage sales to Exhibitors Services	<b>On hold</b>			
Complete a staffing study		✓		
<b>OG – On-going, IP – In Progress, C – Complete, CO – Carry Over to next year</b>				

# OCC Short-term

## Opportunities

## Challenges

Further development of OCC Master Plan and capital improvements

Managing master plan construction around event schedule

Enhanced customer service focus throughout OCC

Retirements/staff turnover

Institute facility wide staffing study including levels and duties

Potential cost impacts of collective bargaining agreements

Compensation analysis and state minimum wage law costs

Recruitment of FOTA candidates, enhance internship and apprentice programs

Recruiting qualified trade, service and professional staff

Continued improvement in venue security infrastructure

Client and attendee perception of transient and camper population

# OCC Short-term

## Opportunities

## Challenges

Continued efforts toward improving employee engagement through the Employee Engagement Committee and Coaching for Awesome Performance training

Refresh retail food and beverage concepts

Maximize new parking system and contract

Continued investment in technological upgrades

Wi-Fi revenue impacted by DAS System usage

Identify and maximize use of available EBMS features and new versions

# OCC Long-term

## Opportunities

## Challenges

Continue leadership development for OCC management and supervisory staff

Development of an OCC ambassador program

Increase city wide convention business

Develop long-term capital plan to earmark increased Transient Lodging Tax due to city inventory increase

Maintain LEED Platinum and APEX/ASTM status

Marketing the convention center hotel package with Travel Portland

Maintaining a current master plan (ensuring timeliness of the document)

Increased cost of labor and benefits

Negative impacts of hotel and/or OCC construction to booking business during the construction

Update and upgrade the facility through capital/master plan improvement projects

Retain present funding sources and develop additional sources for capital improvements

Potential downturn in the economy affecting business levels

# OCC Long-term

## Opportunities

Increase use of technology across OCC practices

Provide leadership in the development and improvement of the Lloyd District

Develop programs to educate patrons and meeting planners about business and event opportunities at OCC through social media

## Challenges

Managing master plan construction around event schedule for existing event



# OCC Budget Themes

- What about OCC does the Commission wish to hear more about during the budget process?

# MERC Commission Budget Process



Date	Meeting / Action
November 2, 2016	MERC Commission Meeting - Budget Retreat
January 25, 2017	Budget Committee Meeting - Operations & Capital
February 8, 2017	Budget Committee Meeting - Operations & Capital
March 1, 2017	MERC Commission Meeting - Budget Presentation
March 2017	Submit Budget to COO and Metro Council

**Thank You**  
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## Metropolitan Exposition Recreation Commission

### Budget Retreat Minutes

November 2, 2016

Oregon Convention Center VIP Suite B

<b>Present:</b>	Elisa Dozono (Chair), Deidra Kryz-Rusoff, Ray Leary, Karis Stoudamire-Phillips, Judie Hammerstad,
<b>Absent:</b>	Terry Goldman, Damien Hall
<b>Others Present</b>	Scott Cruickshank, Matthew P. Rotchford, Matt Uchtman, Jason Blackwell, Ed Strong, Nathan Sykes, Benjamin Rowe, Tim Collier, Scott Robinson, Margie Helton
	The Budget Work Session was called to order by MERC Budget Committee Chair, Deidra Kryz-Rusoff at 1:12 p.m.
<b>1.0</b>	<p>Commissioner Kryz-Rusoff opened with brief comments about the budget process and requested that commissioners consider:</p> <ol style="list-style-type: none"><li>1. If the goals presented are prioritized correctly</li><li>2. Whether there is anything else the commission would like to hear about or discuss</li><li>3. What are your main budget concerns for the venues</li></ol> <p>She then gave an overview of the budget meetings schedule before thanking Ben Rowe for his organization, Scott Cruickshank for his work and the venue directors for their work on the budget.</p>
<b>2.0</b>	<p>Interim GM of Visitor Venues, Scott Cruickshank, listed the goals for the day:</p> <ul style="list-style-type: none"><li>• Today is an opportunity for Ben, venue directors and me to inform you what is driving the venues' budgets for FY 17/18</li><li>• By sharing the venue budget themes, opportunities and challenges, we know you will help us develop responsible budgets that will lead to financial success.</li></ul>
<b>3.0</b>	<p>MERC Finance Director, Ben Rowe, presented the venues' budget assumptions and themes for FY2017-2018 and explained the goals for today's retreat and emphasized the importance of understanding the dynamics of strategies and funding options.</p> <p>Rowe started by presenting the venues' 5-year forecasts based on the budget assumptions. He pointed out that that the venues' had their best growth ever in FY 2015-16. For FY16-17, the venues are predicting a dip in growth revenues. Even with that, the venues will be experiencing another great year. Personnel costs and the effect on the venues were discussed including labor contracts and minimum wage increases.</p> <ul style="list-style-type: none"><li>• Regarding the minimum wage changes that should occur over the next few years, Commissioner Kryz-Rusoff asked when the Aramark and parking contracts up and how many employees would be affected by those contracts.</li><li>• Cruickshank noted that the Aramark contract goes up for renewal in 2019. OCC's parking contract goes out to bid again soon. Matthew noted that both electrical and security staff would be affected by minimum wage changes.</li><li>• Commissioner Dozono inquired about healthcare and PERS changes. Rowe responded that PERS will be a concern in the next biennium. Health and welfare costs are flat.</li><li>• Commissioner Leary asked if there is any impact from the ACA. Rowe responded that any impact is minimal.</li><li>• Rowe allowed the commission to give input on contract negotiations they were concerned about.</li><li>• Leary asked if any union contracts might affect the hotel fiscally.</li><li>• Cruickshank responded that the hotel group that might be affected would be Aramark. Since Hyatt signed a labor peace agreement, there shouldn't be any obstacles but it was something to watch.</li></ul>

	<ul style="list-style-type: none"> <li>• Commissioner Hammerstad noted that the results of the vote on Measure 97 could impact the venues.</li> </ul>
<p><b>4.0</b></p>	<p>Rowe reported on MERC Admin budget priorities.</p> <ul style="list-style-type: none"> <li>• Cruickshank noted that he met with Lisa Colling regarding a new recruitment policy being drafted for the agency which affects FOTA policies. It will hold venues accountable for hiring qualified FOTA candidates.</li> <li>• Robinson noted that a new position has been added to HR to improve diversity outreach and recruitment.</li> <li>• Dozono requested that demographics be included in reports on FOTA hiring.</li> </ul> <p>Each Venue Director reported on their respective venue's</p> <ul style="list-style-type: none"> <li>• Fund forecast and reserves</li> <li>• Strategic goals</li> </ul> <p>and provided a status report on their FY 2016-17 Budget Objectives as well as reporting on future opportunities and challenges.</p> <p>Matthew P. Rotchford reported on Expo Center:</p> <ul style="list-style-type: none"> <li>• Strategic Goals</li> <li>• Budget Priorities</li> <li>• Update on Expo Project</li> <li>• Short term opportunities and challenges</li> <li>• Long term opportunities and challenges</li> <li>• Budget themes</li> </ul> <p>Commission concerns included whether structural work might trigger the need for a seismic study. Also Chair Dozono wanted to be sure that OCC and Expo were working on a cross-marketing plan once the hotel opened and more national conventions would fill OCC. Commissioner Hammerstad hoped that at future meetings, amounts would be attached to the needs. Krys-Rusoff noted that big problems still face EXPO and expressed the hope that there would be continued efforts to solve them.</p> <p>Jason Blackwell reported on Portland'5:</p> <ul style="list-style-type: none"> <li>• Strategic Goals</li> <li>• Budget Priorities</li> <li>• Update on Portland'5 Project</li> <li>• Short term opportunities and challenges</li> <li>• Long term opportunities and challenges</li> <li>• Budget themes</li> </ul> <p>Commissioner Hammerstad commented that several of the issues facing P'5 today were issues there 5 years ago and requested that there be continued effort to manage them. Blackwell noted that many of the issues are on P'5's five year schedule. He added that many of the expenses in the budget come from the need to maintain aging buildings. Those needs take priority. Dozono added that now that the city has done a facility assessment the hope is that they will be more likely to invest in the P'5 buildings. Commissioners Dozono and Hammerstad requested that the Main Street Project be looked at again.</p> <p>Matthew Uchtman reported on OCC:</p> <ul style="list-style-type: none"> <li>• Strategic Goals</li> <li>• Budget Priorities</li> <li>• Short term opportunities and challenges</li> <li>• Long term opportunities and challenges</li> </ul>

