
MERC Budget Committee Meeting

February 12, 2018
3:00pm

Metro Regional Center,
Room 301



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

www.oregonmetro.gov



Metro | *Exposition Recreation Commission*

Agenda

Meeting: MERC Budget Committee Meeting
Date: Monday, February 12, 2018
Time: 3:00-5:00 p.m.
Place: Metro Regional Center, Room 301

CALL TO ORDER

- | | | | |
|-------------|-----------|---|--|
| 3:00 | 1. | INTRODUCTION | Commissioner Kryz-Rusoff |
| 3:10 | 2. | OPERATIONS BUDGETS | Rachael Lembo |
| | | <ul style="list-style-type: none">• Operating Budget Process | |
| | | Portland's 5 Centers for the Arts | Robyn Williams / Rachael Lembo |
| | | <ul style="list-style-type: none">• FY 2018-19 Budget Priorities• Operating Budget• FY 2018-19 New Requests | |
| | | Oregon Convention Center | Craig Stroud / Rachael Lembo |
| | | <ul style="list-style-type: none">• FY 2018-19 Budget Priorities• Operating Budget• FY 2018-19 New Requests | |
| | | Portland Expo Center | Matthew Rotchford / Rachael Lembo |
| | | <ul style="list-style-type: none">• FY 2018-19 Budget Priorities• Operating Budget | |
| | | MERC Administration | Rachael Lembo |
| | | <ul style="list-style-type: none">• FY 2018-19 Budget Priorities• Operating Budget | |
| 4:55 | | Commission Budget Process Review | Rachael Lembo |
| | | ADJOURN | |

Operating Budget Process Overview

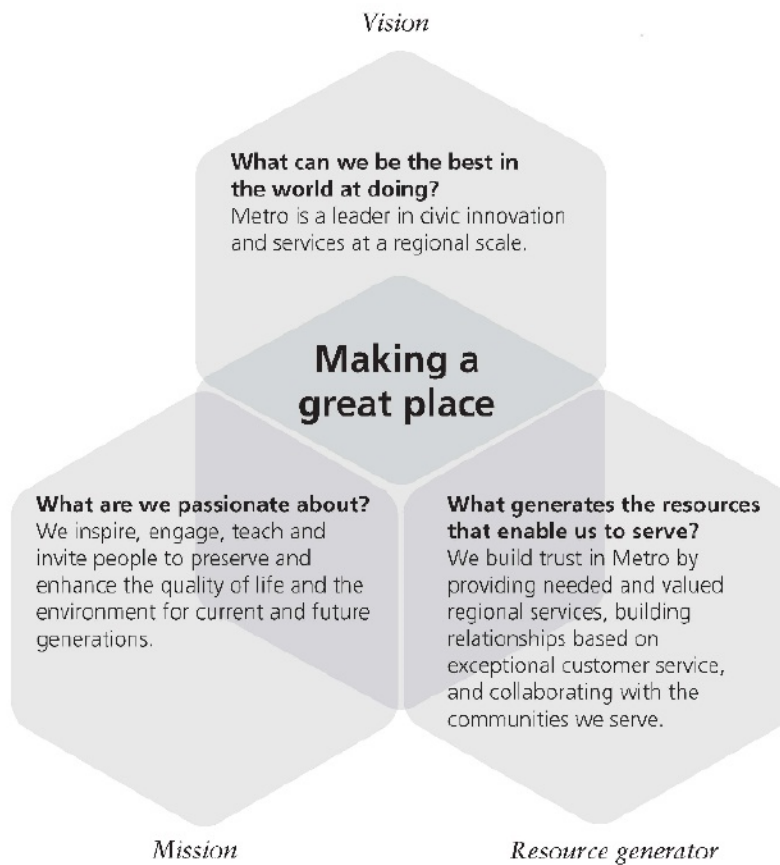
Metro's budget instructions request each department create a Base Budget, which does not include any new programs or Full Time Equivalents (FTE). Any new requests are proposed and reviewed individually. On the fund summaries below you'll see a Base Budget and a Proposed Budget column; the Proposed Budget includes new requests.

Each venue starts with a projected event schedule, and estimates other revenue and costs based on that schedule. In addition to the numbers, each venue prepares budget priorities and describes how the venue meets the Metro Council's six desired outcomes, follows the Metro compass and addresses Metro's equity strategy.

REGION'S SIX DESIRED OUTCOMES



THE METRO COMPASS



Metropolitan Exposition-Recreation Commission
Portland's Centers for the Arts Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS								
Charges for Services	9,957,385	12,679,505	12,914,253	12,170,223	13,346,980	13,346,980	1,176,757	10%
Contributions from Governments	837,608	856,873	866,299	889,441	911,677	911,677	22,236	2%
Contributions from Private Sources	-	-	-	75,000	125,000	125,000	50,000	67%
Food and Beverage Revenue	2,989,218	3,321,789	3,329,348	3,175,764	3,450,895	3,450,895	275,131	9%
Grants	5,995	6,000	-	38,000	-	-	(38,000)	-100%
Interest Earnings	100,967	169,135	153,354	170,000	225,000	225,000	55,000	32%
Lodging Tax	1,311,226	1,340,824	1,355,841	1,390,686	1,425,443	1,425,443	34,757	2%
Miscellaneous Revenue	81,962	233,102	102,488	61,590	89,000	89,000	27,410	45%
Transfers-R	-	46,200	-	-	-	-	-	0%
Visitor Development Fund Alloc	663,195	678,165	685,783	703,941	721,540	721,540	17,599	3%
Total Revenues	15,947,557	19,331,593	19,407,366	18,674,645	20,295,535	20,295,535	1,620,890	9%
Food & Beverage Services	2,196,910	2,494,426	2,486,088	2,503,553	2,643,820	2,643,820	140,267	6%
Materials and Services	3,967,386	5,380,756	6,190,771	6,323,561	6,899,417	6,899,417	575,856	9%
Personnel Services	5,975,182	6,448,947	7,099,975	7,862,673	8,308,908	8,491,061	628,388	8%
Transfers-E	1,683,534	1,647,971	1,698,417	1,808,335	1,647,114	1,647,114	(161,221)	-9%
Total Expenditures	13,823,012	15,972,100	17,475,251	18,498,122	19,499,259	19,681,412	1,183,290	6%
Net Operations	2,124,545	3,359,493	1,932,115	176,523	796,276	614,123	437,600	248%
CAPITAL								
Contributions from Private Sources	45,000	87,188	143,438	114,375	3,067,813	3,067,813	2,953,438	2582%
Grants	113,899	30,980	9,964	-	-	-	-	0%
Miscellaneous Revenue	-	135,171	-	-	-	-	-	0%
Total Revenues	158,899	253,339	153,402	114,375	3,067,813	3,067,813	2,953,438	2582%
Capital Outlay	1,498,685	1,056,623	2,323,012	3,450,733	2,950,000	2,950,000	(500,733)	-15%
Materials and Services	-	-	57,167	325,000	4,035,000	4,035,000	3,710,000	1142%
Personnel Services	-	-	-	-	177,367	177,367	177,367	100%
Total Expenditures	1,498,685	1,056,623	2,380,179	3,775,733	7,162,367	7,162,367	3,386,634	90%
Net Capital	(1,339,786)	(803,284)	(2,226,778)	(3,661,358)	(4,094,554)	(4,094,554)	(433,196)	12%
Grand Total Operations / Capital	784,759	2,556,209	(294,663)	(3,484,835)	(3,298,278)	(3,480,431)	4,404	0%
Beginning Fund Balance	9,837,690	10,622,449	13,178,658	12,883,995	9,456,346	9,456,346		
Ending Fund Balance	10,622,449	13,178,658	12,883,995	9,399,160	6,158,068	5,975,915		

Note: Certain prior year amounts have been adjusted to be conform to current year presentation. This includes:
- Transfers for MERC Admin support costs are now shown in Transfers-E (expense) rather than Transfers-R (revenue).

Portland'5 Centers for the Arts

Provide sound stewardship and expert management of the region's most prominent performing arts venues. Foster an entrepreneurial environment in which diverse arts, events and audiences may flourish.

SIGNIFICANT CHANGES IN THE BUDGET

- The budget includes 9 weeks of Broadway, including 2 weeks of Phantom of the Opera. In addition, Wicked, which is scheduled for FY 2019-20, will go on sale in FY 2018-19.
- Rental and billable rates are set to increase 3 percent.
- Food and beverage revenues are up 9 percent based on event projections and spending trends.
- Support of \$125,000 for the education program is estimated from the Portland'5 Foundation.
- Materials and services includes increased security to insure the safety of the public and staff and provide protection of all three venues.

REGION'S SIX DESIRED OUTCOMES

Portland'5 contributes to vibrant communities by providing subsidized use of its venues for local arts organizations so they may grow and flourish. It is a gathering place for the region's citizens to come together to experience diverse art forms. Portland'5's education program supports equity by seeking programming for the diverse communities of Portland as well as providing increased access to the arts for children and schools who do not have the resources to participate in the arts in these downtown venues.

THE METRO COMPASS

P5 can be the best in the world in performing arts venue management by providing well trained staff who have the necessary resources to perform their jobs at the highest levels. This budget reflects that. P5 is passionate about its mission to support local arts and continues to do so by generating the revenue necessary to provide deeply subsidized homes to the local arts community.

METRO'S EQUITY STRATEGY

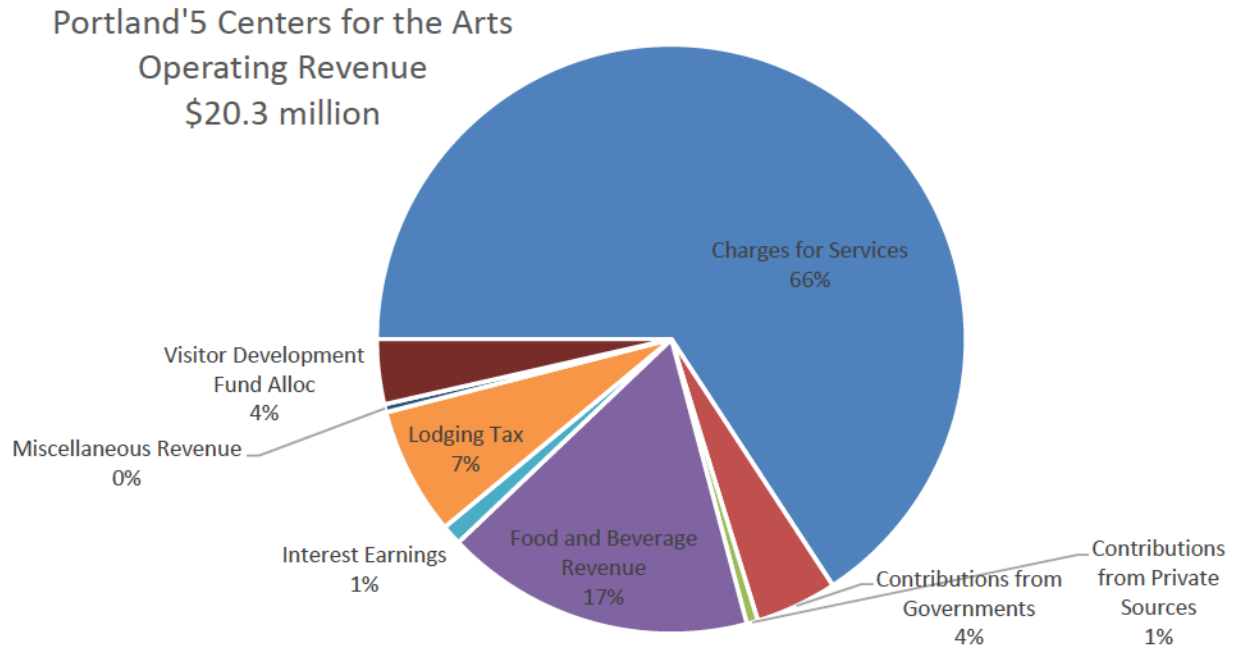
This budget reflects a continuation of its on-going educational programming by bringing shows and providing the means to bring in students from Title I schools throughout the region. It provides sponsorship resources in order to participate more fully with the diverse communities in Portland.

FY18-19 BUDGET PRIORITIES

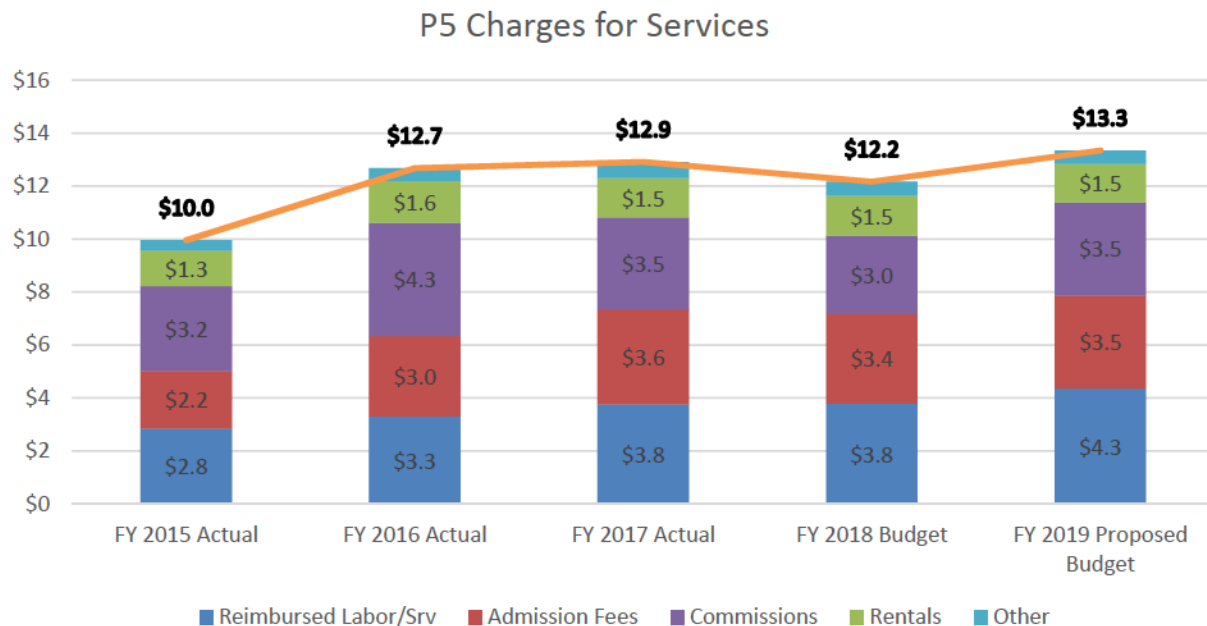
- Continue business development initiative via Portland'5 Presents events.
- Continue to develop and implement a plan to address long term funding strategy for Portland'5.
- Continue to develop and implement revitalization plan for the Portland'5 Foundation.
- Continue development of sponsorship, advertising and marketing initiatives that generate revenue.
- Continue to develop the education and community engagement program.

PORTLAND'S OPERATING REVENUE

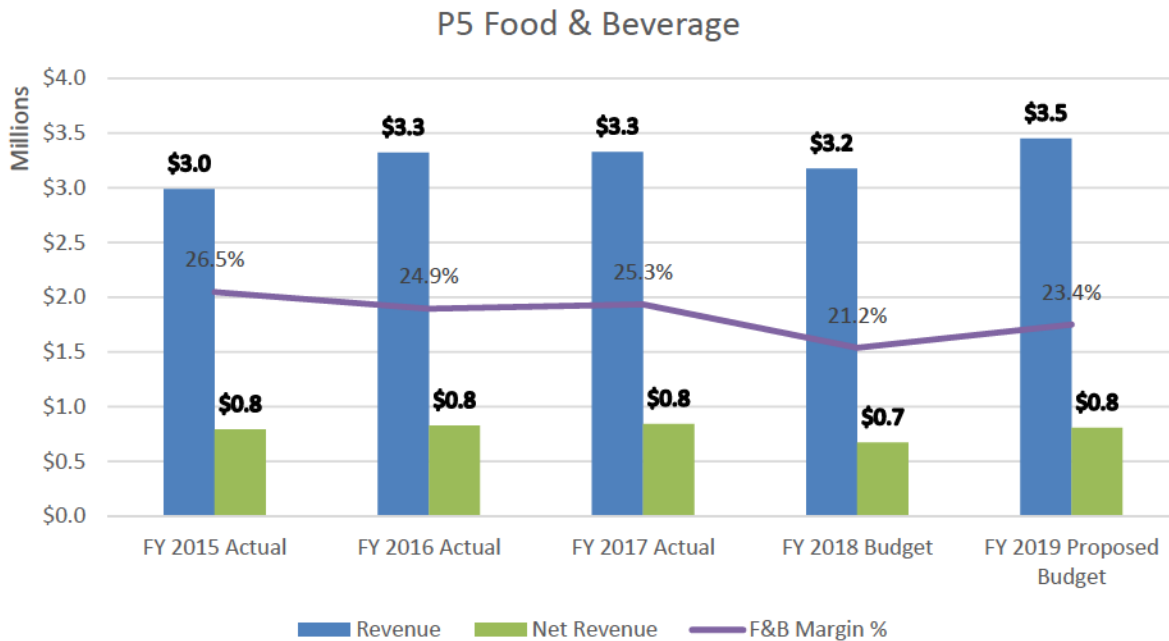
P5's revenue comes primarily from Charges for Services and Food and Beverage sales. Total government support, including contributions from the City, Lodging Tax and Visitor Development Fund Allocation are 15 percent of operating revenues.



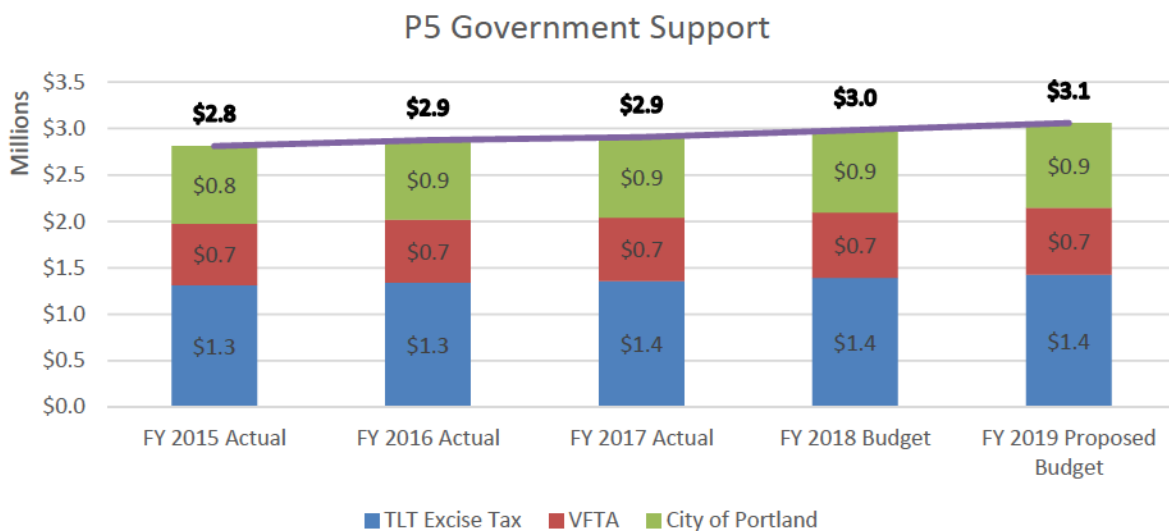
Charges for Services includes client fees, commission and admission fees. Commissions are primarily from ticket service charges, and admission fees include any tickets sold by our box office.



The Food and Beverage proposed budget estimates an increase of 9 percent in FY2018-19. Personnel costs are budgeted to increase due to the impact of Oregon's minimum wage law and the new contract negotiated between Pacificwild and organized labor. This has resulted in a margin lower than prior year actuals, however it is higher than the current budget. Pacificwild is performing additional analysis on the impact of the wage changes.

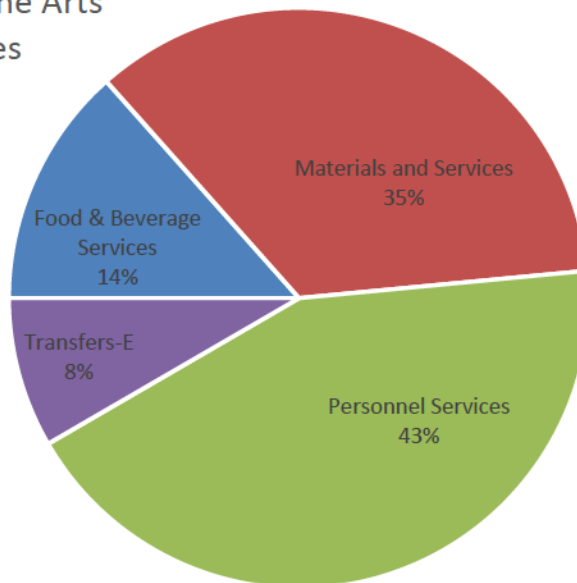


P5 receives support from the City of Portland, Transient Lodging Tax (TLT) Excise Tax and the Visitor Facilities Trust Account (VFTA), which is funded by TLT and Vehicle Rental Tax (VRT). All provide operating support; P5 does not receive TLT Pooled Capital or other support restricted to capital projects. These funds increase by CPI each year.



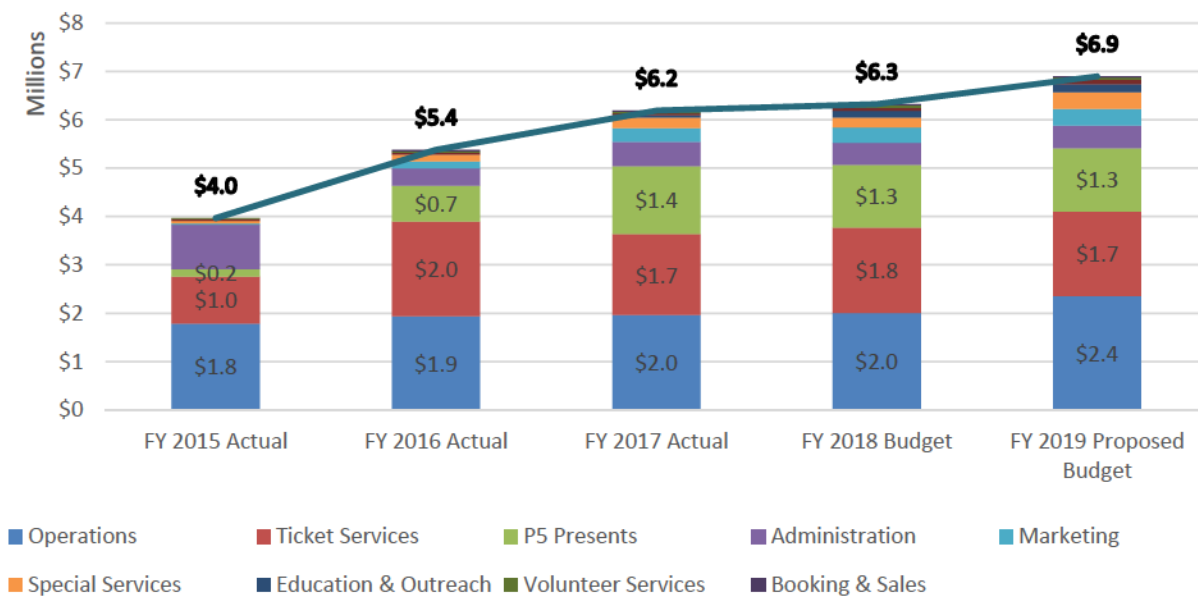
PORTLAND'S OPERATING EXPENSES

Portland's Centers for the Arts
Operating Expenses
\$19.7 million



Materials and Services include purchased goods and services throughout all divisions of P5. The FY 2018-19 budget includes an increase in reimbursed security costs of \$140,000 due to the increased security demands of shows, and also \$50,000 for additional overnight security. There are \$150,000 in one-time costs, primarily in Operations related to production equipment replacement and facility maintenance.

P5 Materials and Services



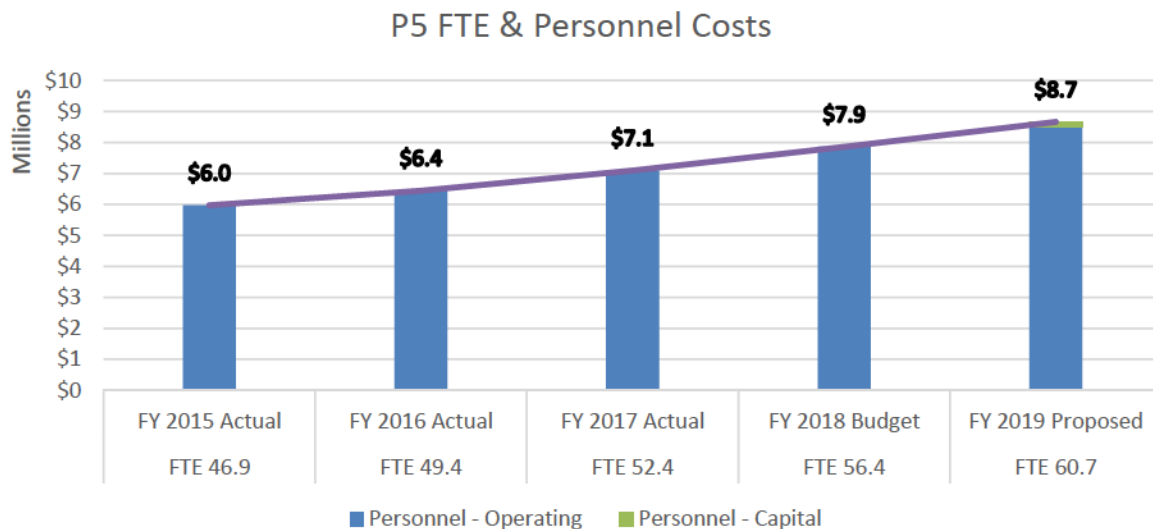
Personnel Services include all salary, wage and fringe costs related to P5 personnel. Base budget personnel costs are up 6 percent, which includes merit, step and Cost of Living Adjustment (COLA) increases, and increases in fringe costs. Health and welfare costs are budgeted to increase 5 percent, and PERS is flat as FY18-19 is the second year of the biennial rate. PERS is expected to increase in FY19-20 from an average of 12.6 percent of total salary to 17.6 percent, a 40 percent increase overall.

Three new positions are requested in the budget. In addition, the FTE count has increased due to changes in allocations of existing staff between MERC and Metro departments.

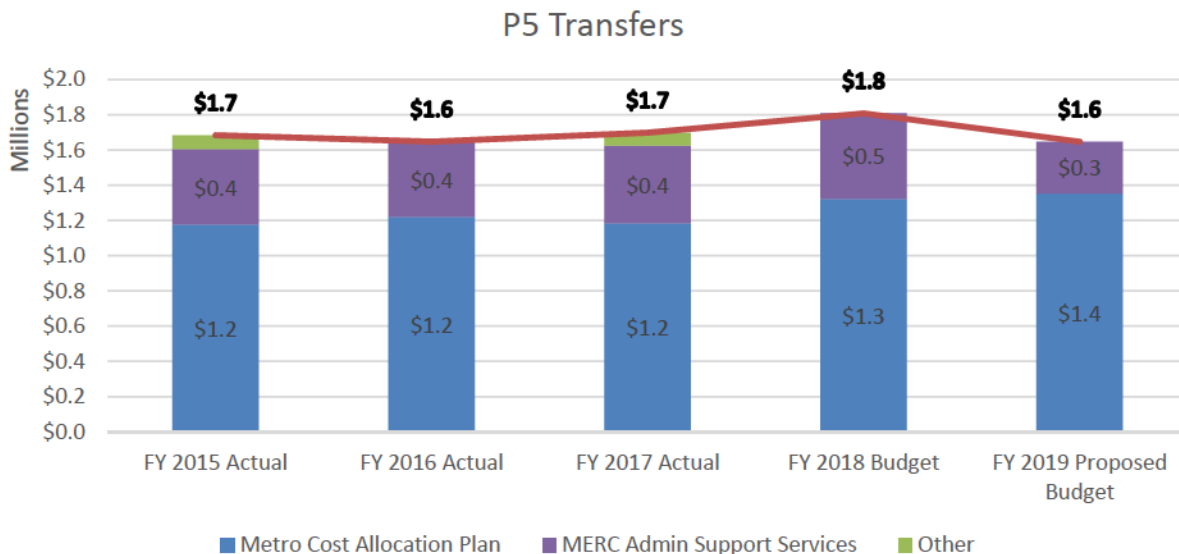
56.4 FY17-18 Adopted Budget FTE

- 1.0 Education and Community Engagement Administrative Technician
- 1.0 Stage door Facility Security Agent
- 1.0 Reception Administrative Assistant
- 0.9 Existing cPMO staff charged directly (formerly part of MERC Admin support charge)
- 0.5 Allocation of additional cPMO staff due to increased CIP activity

60.7 FY18-19 Proposed Budget FTE



The final major expense is Transfers-E, transfers to other MERC or Metro funds. Transfers include the Metro cost allocation plan, which allocates costs of central services (Accounting, Human Resources, Information Systems, Office of Metro Attorney) and risk management (liability, property and workers' compensation claims). P5 also pays an allocation for MERC Administration, which was reduced this year as cPMO staff are charged directly to venues. P5 does not pay a management fee like OCC and Expo, per the intergovernmental agreement with the City.



PORTLAND'S NEW FTE REQUESTS

1. **New 1.0 FTE Administrative Technician in Education.** This position is needed to support P5's Education and Community Engagement Coordinator with education program tasks. This will help with the logistics to ensure educational events operate smoothly and efficiently, and allow for additional community engagement initiatives.
Proposed Cost: \$79,000

2. **New 1.0 FTE Facility Security Agent** to provide general event day support through monitoring entry and exit at the AHH stage door. Maintaining a consistent presence at the stage door at the AHH during business hours will help strengthen security and aid internal and external service by having a consistent presence during regular business hours.
Proposed Cost: \$35,000 (partially offset by decreased part time staff costs)

3. **New 1.0 FTE Administrative Assistant** to staff the reception desk. This role is currently filled by volunteers. A full time staff person is needed to adequately answer questions from the public and provide administrative support to the departments.
Proposed Cost: \$59,000

Metropolitan Exposition-Recreation Commission
Convention Center Operating Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS								
Charges for Services	12,414,336	14,590,975	12,758,745	12,673,382	13,507,270	13,507,270	833,888	7%
Contributions from Private Sources	-	-	-	-	-	-	-	0%
Enhanced Marketing VDF	462,694	473,139	478,453	491,122	503,014	503,014	11,892	2%
Food and Beverage Revenue	13,421,646	16,059,767	14,397,491	14,028,919	16,054,616	16,054,616	2,025,697	14%
Grants	6,878	8,352	8,055	-	-	-	-	0%
Interest Earnings	75,938	180,454	189,373	190,000	300,000	300,000	110,000	58%
Lodging Tax	9,519,489	10,185,853	10,898,863	11,661,784	11,644,428	11,644,428	(17,356)	0%
Miscellaneous Revenue	44,722	50,854	29,936	17,700	28,828	28,828	11,128	63%
Transfers-R	801,597	376,599	50,000	-	-	-	-	0%
Visitor Development Fund Alloc	1,682,329	1,955,473	5,739,705	3,784,454	1,829,111	1,829,111	(1,955,343)	-52%
Total Revenues	38,429,628	43,881,468	44,550,621	42,847,361	43,867,267	43,867,267	1,019,906	2%
Food & Beverage Services	10,058,470	11,648,678	10,899,392	10,840,964	12,547,299	12,547,299	1,706,335	16%
Materials and Services	8,723,286	9,826,869	8,922,820	9,848,744	10,104,061	10,131,641	282,897	3%
Personnel Services	9,279,349	10,184,474	10,110,575	11,199,173	11,875,043	12,063,039	863,866	8%
Transfers-E	3,238,804	6,741,837	7,599,007	3,768,414	4,145,065	4,145,065	376,651	10%
Management Fee	1,802,510	2,138,424	1,894,621	1,862,951	1,877,840	1,877,840	14,889	1%
Visitor Development Marketing	462,694	473,139	478,453	2,491,122	503,014	503,014	(1,988,108)	-80%
Total Expenditures	33,565,113	41,013,422	39,904,868	40,011,368	41,052,322	41,267,898	1,256,530	3%
Net Operations	4,864,515	2,868,046	4,645,753	2,835,993	2,814,945	2,599,369	(236,624)	-8%
CAPITAL								
Contributions from Private Sources	125,000	399,605	398,438	476,563	557,813	557,813	81,250	17%
Grants	-	-	97,548	-	-	-	-	0%
Miscellaneous Revenue	14,633	2,455	4,317	-	-	-	-	0%
Lodging Tax Pooled Capital	-	-	-	-	6,345,457	6,345,457	6,345,457	100%
Transfers-R	1,123,000	650,000	1,695,000	16,000,000	-	-	(16,000,000)	-100%
Total Revenues	1,262,633	1,052,060	2,195,303	16,476,563	6,903,270	6,903,270	(9,573,293)	-58%
Capital Outlay	2,322,780	695,466	1,451,385	9,200,500	2,885,000	2,885,000	(6,315,500)	-69%
Materials and Services	-	28,643	2,135,475	355,000	32,553,000	32,553,000	32,198,000	9070%
Personnel Services	-	-	-	-	383,690	383,690	383,690	100%
Total Expenditures	2,322,780	724,109	3,586,860	9,555,500	35,821,690	35,821,690	26,266,190	275%
Net Capital	(1,060,147)	327,951	(1,391,557)	6,921,063	(28,918,420)	(28,918,420)	(35,839,483)	-518%
Grand Total Operations / Capital	3,804,368	3,195,997	3,254,196	9,757,056	(26,103,475)	(26,319,051)	(36,076,107)	-370%
Beginning Fund Balance	14,769,677	18,574,045	21,770,042	25,024,238	35,813,363	35,813,363		
Ending Fund Balance	18,574,045	21,770,042	25,024,238	34,781,294	9,709,888	9,494,312		

Note: Certain prior year amounts have been adjusted to be conform to current year presentation. This includes:

- Revenues previously subject to excise tax have been adjusted to reflect gross revenue, not net of excise tax. A comparable Management Fee has been included in Materials and Services.
- Transfers for MERC Admin support costs are now shown in Transfers-E (expense) rather than Transfers-R (revenue).

Oregon Convention Center

The Oregon Convention Center is the largest convention facility in the Pacific Northwest serving as a significant economic activity generator for the region and state by attracting out-of-town visitors to city-wide conventions and tradeshow, and regional residents to meetings, consumer shows and cultural events.

SIGNIFICANT CHANGES IN THE BUDGET

- OCC has 48 conventions and a strong line-up of regional events scheduled in FY18-19 supporting a forecast record rental of more than \$5 million. Of this amount, \$4.3 million is licensed with \$710,000 of projected business pick-up between now and the end of FY18-19.
- Beginning in FY 2018-19 Metro will no longer charge a 7.5 percent excise tax on event related revenues at OCC. Revenues had previously been recorded net of this tax; for purposes of budget review prior year actuals and the FY 2017-18 budget have been adjusted to reflect gross revenues.
- New this year is the Management Fee to Metro, which supports the costs of general government activities such as the Council office and elections expense, as well as various planning, parks and venue activities.
- Forecast parking revenue is \$2.1 million, a 14 percent increase compared to the FY17-18 budget. This strong increase is due to a recent rate increase, dynamic pricing and an increase in monthly users from construction work around the center.
- Food and beverage forecasted revenues are \$16.1 million, a 14 percent increase compared to the FY17-18 budget. This level of business is comparable to FY15-16, OCC's largest grossing year. The food and beverage margin has dropped significantly from prior years, due to expected increases in personnel costs and associated fringe benefits. Pacificwild is currently in contract negotiations with organized labor. OCC requested pacificwild perform additional analysis and provide proposals to increase the margin to levels historically achieved.
- OCC is funding the personal services costs for a 1.0 FTE project manager from the Metro Construction Project Management Office (cPMO) to support the increased workload in the OCC capital improvement plan for FY18-19.
- Materials and Services budget increases have been minimized for existing programs and workload. Increases are primarily associated with programs with offsetting event revenues
- OCC's capital improvement program includes the start of construction on the major interior and plaza renovation project, as well as nearly \$8 million in other projects.

REGION'S SIX DESIRED OUTCOMES

OCC's FY 18-19 budget reflects its commitment to key components of the Region's Desired Outcomes and Metro Council Priorities. The budget reflects allocated funds for maintaining the facility at or above industry standard while focusing on sustainable operations and maintaining LEED Platinum Certification. OCC's innovative waste diversion policy and program supports show management and exhibitors to reduce waste and the program is currently achieving a 93 percent diversion rate. The program

collaborates with clients to help them donate surplus supplies and food from events to local community organizations.

OCC is committed to expanding purchasing opportunities with COBID firms and prioritizes hiring employees residing within the FOTA area. For the upcoming OCC major interior and plaza renovation project, Metro contracted with a local minority general contractor and is estimated to expend more than \$27 million on construction in the fiscal year. Metro believes this contract is the largest public contract awarded to a minority-owned general contractor firm in Oregon.

OCC will continue its active participation in Lloyd area organizations such as GoLloyd, Lloyd EcoDistrict, Lloyd District Community Association and Lloyd Enhanced Services District, all focused on neighborhood improvement efforts and improving the experience of guests attending events at the center.

THE METRO COMPASS

OCC strives to be a premier event facility in North America and is passionate about being a leader in the events industry while simultaneously exemplifying the highest standards for sustainability and operational efficiency. OCC's proposed budget invests in facility and staff, both key aspects of event management and guest delight.

METRO'S EQUITY STRATEGY

OCC's budget works to meet the goals of Metro's adopted Equity Strategy by ensuring ongoing staff participation in meetings and forums and a commitment to COBID purchasing. Like previous years, the Operations department will commit 15 staff hours to the annual Metro Small Business Open House networking event, continue to award direct award contracts to COBID firms and continue to place language in Requests for Proposals asking for subcontracting partnerships with COBID firms. OCC is collaborating with Metro Diversity, Equity and Inclusion staff and Hyatt Regency Portland hotel project management to ensure the Hyatt Regency Portland project achieves the Construction Career Pathways Project (C2P2) goals.

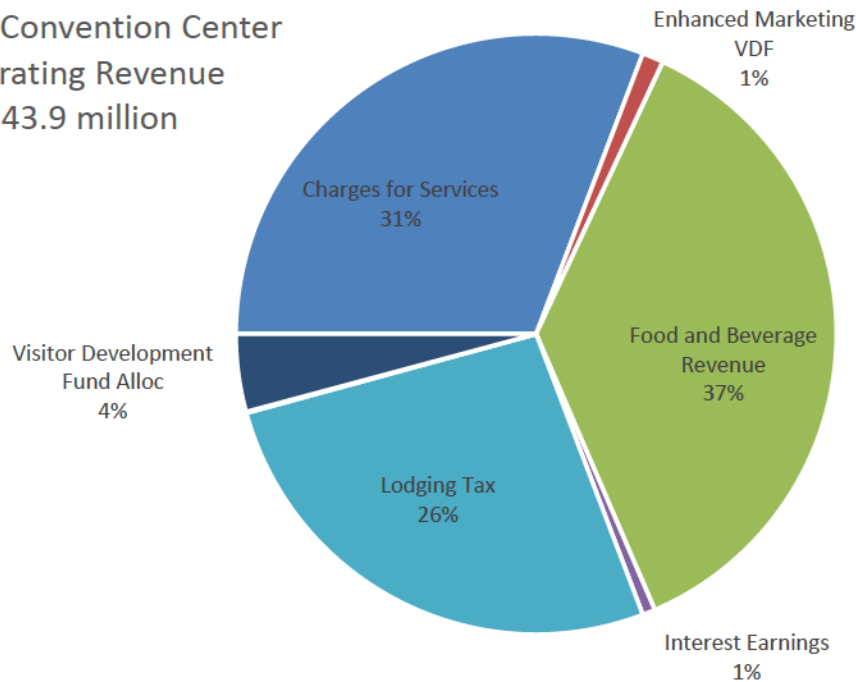
FY18-19 BUDGET PRIORITIES

- Begin the renovation and maintain the OCC using the Facility Master Plan and condition assessments
- Deliver world class customer service
- Grow the OCC's economic impact through increased convention and consumer show business
- Continue to assess and improve public safety
- Generate operating revenues to cover 100 percent of operating expenses and maintain strategic reserves

OCC OPERATING REVENUE

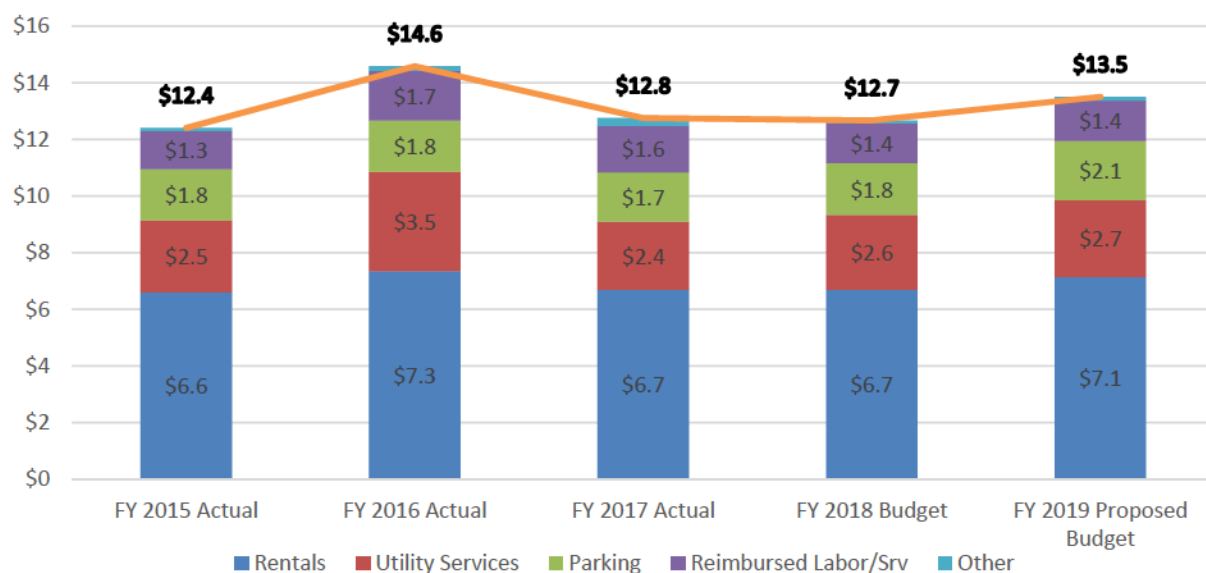
OCC's revenue comes primarily from Charges for Services, Food and Beverage sales, and Transient Lodging Tax.

Oregon Convention Center
Operating Revenue
\$43.9 million

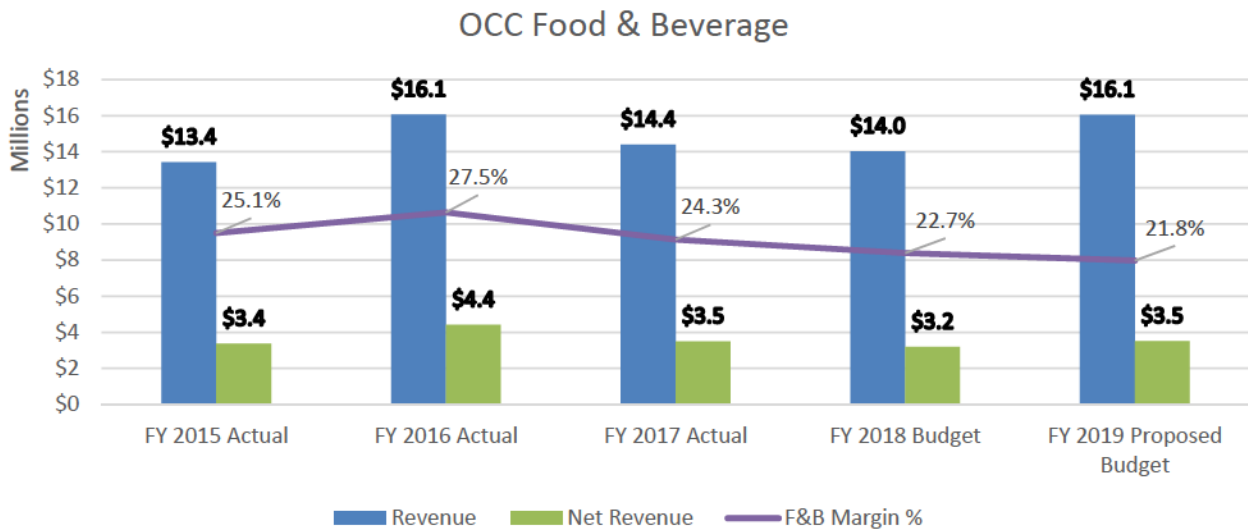


Charges for Services include any fee billed to a client. The largest fee is space rental, however utility services, parking and reimbursed labor and services make up almost half of Charges for Services. Total Charges for Services is estimated to increase 7 percent in FY2018-19.

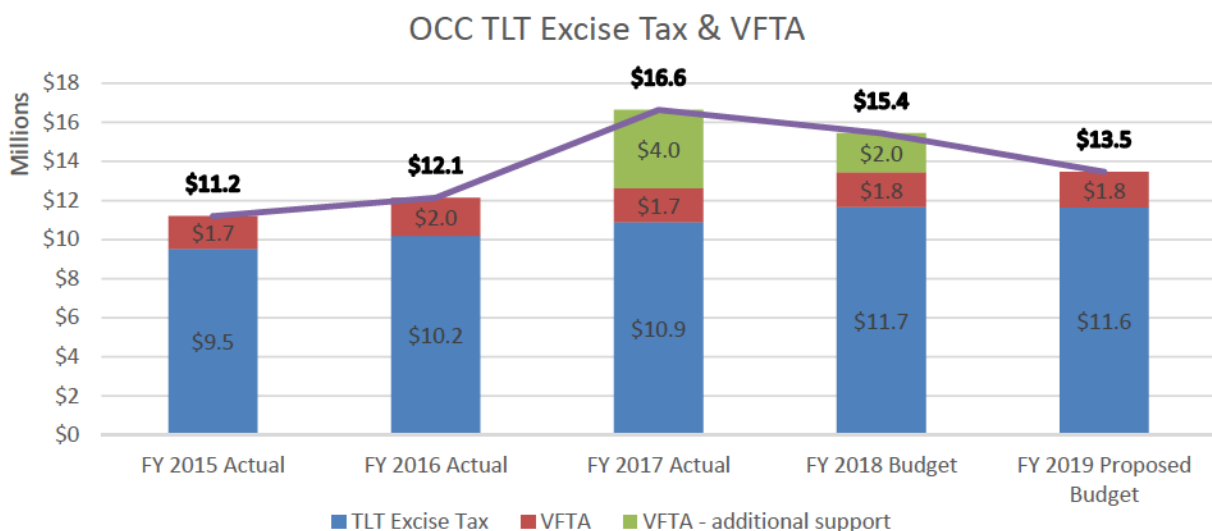
OCC Charges for Services



Food and Beverage is OCC's largest revenue source. The proposed budget estimates an aggressive increase of 14 percent in FY2018-19. This increase is due to expected growth in events and because of increased rates (in response to rising costs). Personnel costs are budgeted to increase due to the impact of Oregon's minimum wage law and ongoing contract negotiations between pacificwild and organized labor. OCC requested pacificwild perform additional analysis and provide proposals to increase the margin to levels historically achieved.

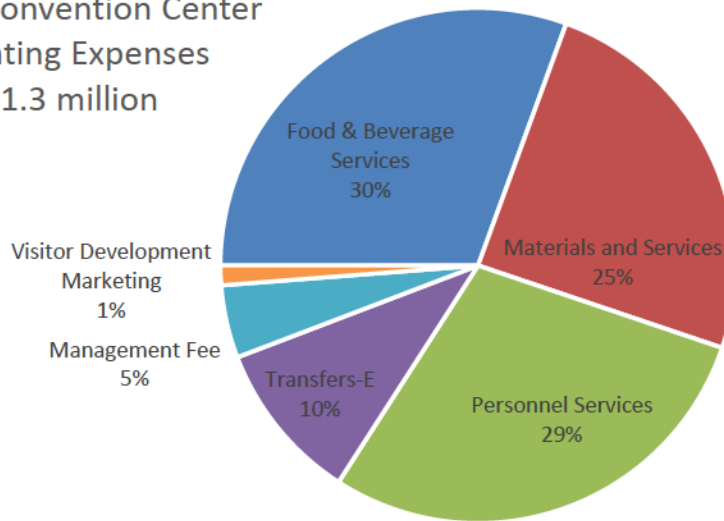


The final major funding source for OCC is Transient Lodging Tax (TLT) and Vehicle Rental Tax (VRT). TLT Excise Tax provides significant operational support to OCC, as well as TLT Pooled Capital (not shown here as it funds capital projects). In addition, the Visitor Facilities Trust Account (VFTA), which is funded by TLT and VRT, supports OCC operations, enhanced marketing, and has also provided additional support for specific requests including the OCC Hotel project (FY 2016-17) and additional marketing funding for national conventions (FY 2017-18).



OCC OPERATING EXPENSES

Oregon Convention Center
Operating Expenses
\$41.3 million



Personnel Services include all salary, wage and fringe costs related to OCC personnel. Base budget personnel costs are up 6 percent, which includes merit, step and Cost of Living Adjustment (COLA) increases, and increases in fringe costs. Health and welfare costs are budgeted to increase 5 percent, and PERS is flat as FY18-19 is the second year of the biennial rate. PERS is expected to increase in FY19-20 from an average of 12.6 percent of total salary to 17.6 percent, a 40 percent increase overall.

Two new positions are proposed, however they will use existing unfunded positions so there is no impact to Full Time Equivalents (FTE) count. The FTE count has increased due to changes in allocations of existing staff between MERC and Metro departments.

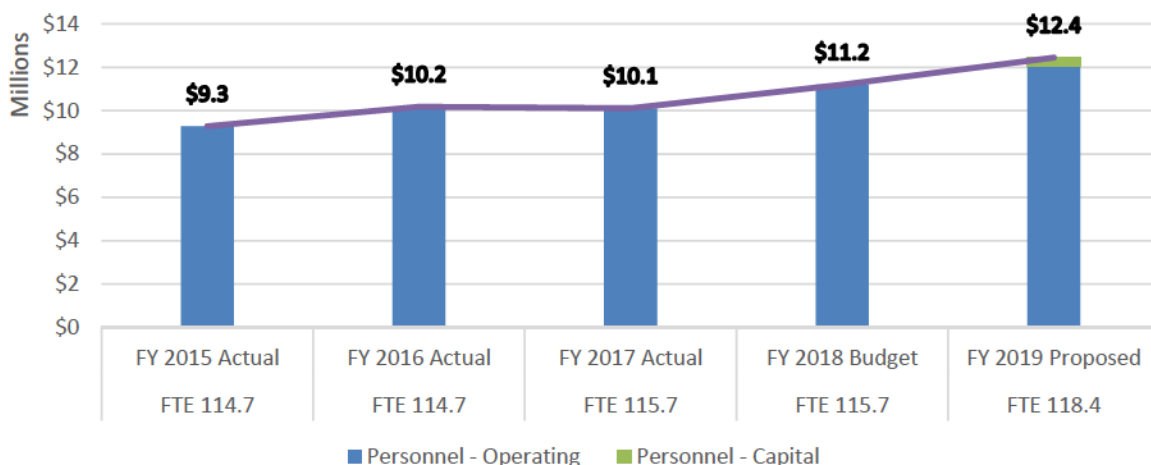
115.7 FY17-18 Adopted Budget FTE

1.0 Allocation of additional cPMO staff due to increased CIP activity

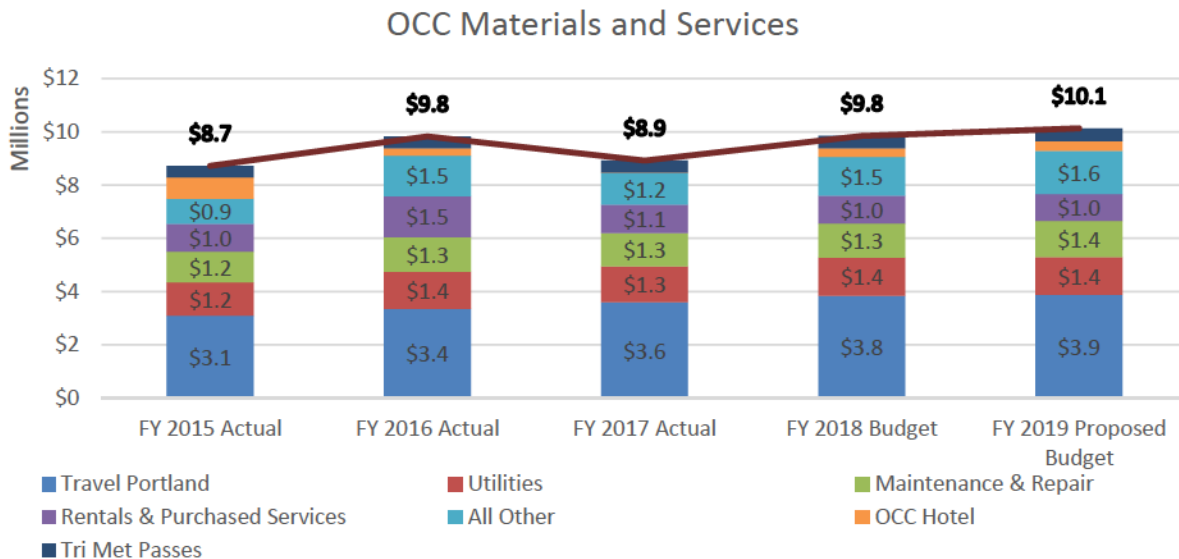
1.7 Existing cPMO staff charged directly (formerly part of MERC Admin support charge)

118.4 FY18-19 Proposed Budget FTE

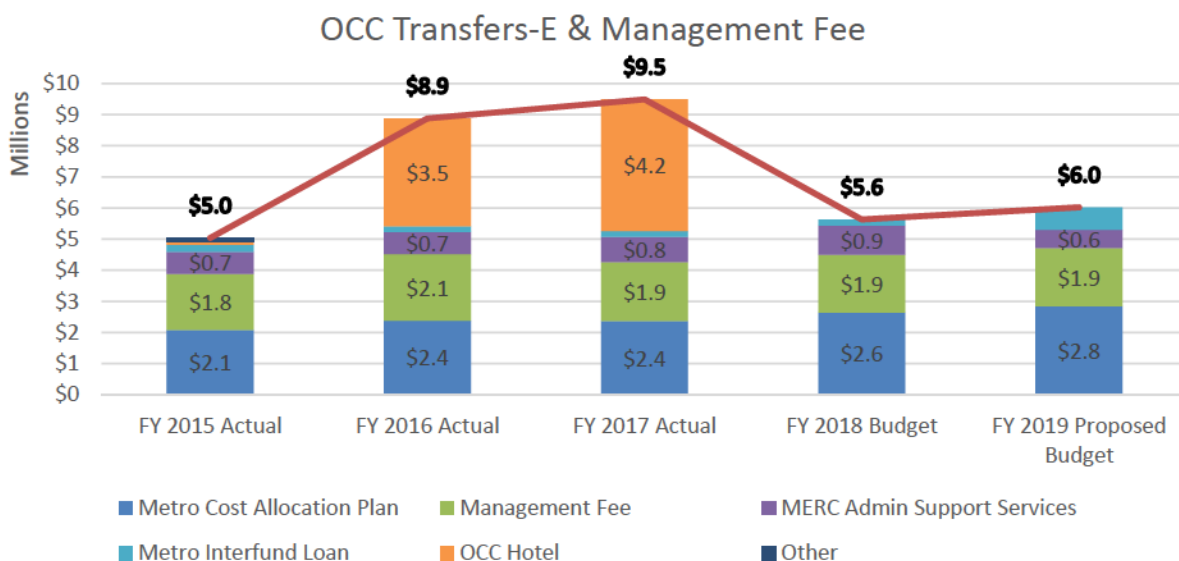
OCC FTE & Personnel Costs



Materials and Services include purchased goods and services throughout all divisions of OCC: Marketing & Sales, Facility Management, Event Coordination, Guest Services, Special Services, OCC Hotel and Administration. Some costs are reimbursable by the client and vary year to year based on the event schedule.



The final major expense is Transfers-E, transfers to other MERC or Metro funds, and Management Fee. Transfers include the Metro cost allocation plan, which allocates costs of central services (Accounting, Human Resources, Information Systems, Office of Metro Attorney) and risk management (liability, property and workers' compensation claims). OCC also pays an allocation for MERC Administration, which was reduced this year as cPMO staff are charged directly to venues. New this year is the Management Fee to Metro, which supports the costs of general government activities such as the Council office and elections expense, as well as various planning, parks and venue activities.



OCC NEW FTE/PROGRAM REQUESTS

1. **Sales Coordinator** to increase sales for smaller events. The new position will maximize un-booked space rentals and quickly respond to space rental requests, proposals and license agreements. The position will also provide more bandwidth for the OCC's four sales managers and Director of Sales to respond to and support convention proposals and convention site inspections, which are increasing due to the Hyatt Regency Portland. In the first year, smaller event sales are projected to grow from the historical average of \$885,000 to more than \$1 million per year. It is expected that the Sales Coordinator position will generate new sales equal to or greater than the position's costs.
Proposed Cost: \$67,000
2. **Development of Ambassador Program** to provide customer service, way finding, guest services and to improve center safety and security. This program includes hiring a corps of specially trained guest ambassadors to provide customer services to center events and activities that occur from early morning to late evening. This program will be added to the Event Services Department and will be staffed by a new full time Guest Services Supervisor and a pool of part time ambassador employees. The new supervisor will also assist the Guest Services Manager in the oversight of all guest services programs, including parking, ticketing, and admissions,
Proposed Cost: \$149,000

Metropolitan Exposition-Recreation Commission
Expo Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS								
Charges for Services	4,097,469	4,258,479	4,311,932	5,185,451	4,750,946	4,750,946	(434,505)	-8%
Food and Beverage Revenue	2,051,938	2,146,826	2,349,531	2,471,019	2,502,702	2,502,702	31,683	1%
Grants	-	10,800	-	-	-	-	-	0%
Interest Earnings	17,414	29,457	23,030	35,000	35,000	35,000	-	0%
Miscellaneous Revenue	33,100	39,935	37,525	34,475	38,500	38,500	4,025	12%
Transfers-R	336,666	327,333	280,000	400,000	400,000	400,000	-	0%
Total Revenues	6,536,587	6,812,831	7,002,018	8,125,944	7,727,148	7,727,148	(398,796)	-5%
Food & Beverage Services	1,690,782	1,692,124	1,841,361	1,908,139	1,991,898	1,991,898	83,759	4%
Materials and Services	1,252,238	1,389,854	1,520,397	1,615,813	1,475,736	1,475,736	(140,077)	-9%
Personnel Services	1,668,415	1,726,549	1,787,490	1,939,455	1,971,970	1,971,970	32,515	2%
Debt Service	1,209,550	1,186,176	1,203,395	1,022,275	1,022,025	1,022,025	(250)	0%
Transfers-E	529,880	678,493	530,430	647,815	693,773	693,773	45,958	7%
Management Fee	429,028	446,882	464,753	534,172	463,270	463,270	(70,902)	-13%
Visitor Development Marketing	-	-	-	17,160	-	-	(17,160)	-100%
Total Expenditures	6,779,893	7,120,077	7,347,826	7,684,829	7,618,672	7,618,672	(66,157)	-1%
Net Operations	(243,307)	(307,247)	(345,808)	441,115	108,476	108,476	(332,639)	-75%
CAPITAL								
Contributions from Private Sources	30,000	58,125	95,625	171,563	236,875	236,875	65,312	38%
Grants	129,250	-	1,000	-	-	-	-	0%
Lodging Tax Pooled Capital	3,125	-	-	-	1,119,787	1,119,787	1,119,787	100%
Transfers-R	360,000	280,000	1,016,740	2,850,000	-	-	(2,850,000)	-100%
Total Revenues	522,375	338,125	1,113,365	3,021,563	1,356,662	1,356,662	(1,664,901)	-55%
Capital Outlay	478,441	304,650	491,379	2,867,315	340,000	340,000	(2,527,315)	-88%
Materials and Services	-	50,989	1,177,336	461,867	927,000	927,000	465,133	101%
Personnel Services	-	-	-	-	81,025	81,025	81,025	100%
Total Expenditures	478,441	355,639	1,668,715	3,329,182	1,348,025	1,348,025	(1,981,157)	-60%
Net Capital	43,934	(17,514)	(555,350)	(307,619)	8,637	8,637	316,256	-103%
Grand Total Operations / Capital	(199,373)	(324,761)	(901,158)	133,496	117,113	117,113	(16,383)	-12%
Beginning Fund Balance	3,367,238	3,167,865	2,843,105	1,941,947	2,283,061	2,283,061		
Ending Fund Balance	3,167,865	2,843,105	1,941,947	2,075,443	2,400,174	2,400,174		

Note: Certain prior year amounts have been adjusted to be conform to current year presentation. This includes:

- Revenues previously subject to excise tax have been adjusted to reflect gross revenue, not net of excise tax. A comparable Management Fee has been included in Materials and Services.
- Transfers for MERC Admin support costs are now shown in Transfers-E (expense) rather than Transfers-R (revenue).

Portland Expo Center

The Portland Expo Center (Expo) is a 53 acre multi-purpose exhibition facility comprised of exhibit halls, meeting rooms, a full-service kitchen, restaurant and flexible outdoor exhibit space. Considered the region's primary destination for consumer public shows, tradeshow and special feature events, the Portland Expo Center hosts over 400,000 visitors each year, and is considered #1 amongst Tier 3 event facilities according to *Tradeshow Executive Magazine*.

Expo attracts regional visitors to diverse events that contribute to the livability of the region by inducing direct and indirect spending at local businesses in the creation of living wage jobs and generation of tax revenue for state and local governments. On average, for every \$1.00 Expo spends, \$6.00 is spent in the regional economy. According to the most recent economic impact report, Expo induces more than \$47 million in annual local and regional economic impact which in turn supports 480 living wage jobs.

SIGNIFICANT CHANGES IN THE BUDGET

- Cirque du Soleil is not part of these budget year assumptions. Cirque will be included bi-annually starting in FY20-21.
- Expo's charges for services represent an overall flat trend from FY17-18 actuals. Multi-year bookings are about to sunset and are under review. Rental rate increases over prior year represent 3 percent with staff focus turning toward corporate opportunities, yearly onsite advertising sales and yield management efforts (seasonal bookings).
- Beginning in FY 2018-19 Metro will no longer charge a 7.5 percent excise tax on event related revenues at Expo. Revenues had previously been recorded net of this tax; for purposes of budget review prior year actuals and the FY 2017-18 budget have been adjusted to reflect gross revenues.
- New this year is the Management Fee to Metro, which supports the costs of general government activities such as the Council office and elections expense, as well as various planning, parks and venue activities.
- Base parking rates have been increased from \$8 to \$10 per car. Exhibitor rate remains at \$8. Electronic screens will allow for rate changes as needed in a dynamic pricing environment (this was initially planned for FY17-18 but due to unforeseen costs was not implemented).
- Food and beverage revenues are achievable based on history and recent price changes. The projected margin has been affected by increases in organized labor costs. Expo requested pacificwild perform additional analysis and provide proposals to increase the margin to levels historically achieved.
- The budget includes a Metropolitan Tourism Opportunity and Competitiveness Account funding request of \$400,000 from Metro. This funding supports numerous marketing and campus enhancement initiatives. Additionally MERC Admin support costs were waived this year.
- There are currently no FTE changes or new requests in the proposed budget. Overall materials and services costs are flat.

REGION'S SIX DESIRED OUTCOMES

The Expo Center continues to grow as Portland's gathering place, with varied events for the public and culturally significant event offerings that create over \$47 million in economic impact to our region. In the past year, Cirque du Soleil greeted over 100,000 new visitors to the campus.

The Expo Center is the home of the largest stormwater greenwall in the nation. This unique project was created in partnership with the EPA, the City of Portland and many others as a showcase of what visionary thinking can produce to support our environment.

The Expo Center's recycling and solid waste diversion is second to none for facilities of its size and staffing level. Our efforts to restore our roof have saved tons of waste from hitting our landfills. The Expo continues to pursue a wide variety of sustainable water and lighting projects that are making a difference.

THE METRO COMPASS

The Portland Expo Center is committed to revitalizing this regional asset, protecting our investments, meeting our goals for community, sustainability and equity and driving valuable economic impacts to the region. The Expo Center is known as a place of service where all types of groups can gather, celebrate and grow.

METRO'S EQUITY STRATEGY

The Expo is focusing on partnerships that help us grow and learn as a department and in turn share that knowledge with our clients and patrons. The Expo is working with Oregon Nikkei on a virtual tour of the campus that once housed the Portland Assembly Center. Additionally, the Expo is working with both Portland Public Schools and with the 501c3 Vanport Mosaic, which we are working with towards the presentation of historically significant subject matters in a way that generates greater community and understanding. Staff continue to be involved in neighborhood activities, schools and coalition building with events such as our drive-in movies. Staff and contracted agents are committed to MWESB/COBID purchasing goals and renewed efforts that are making impacts in the community.

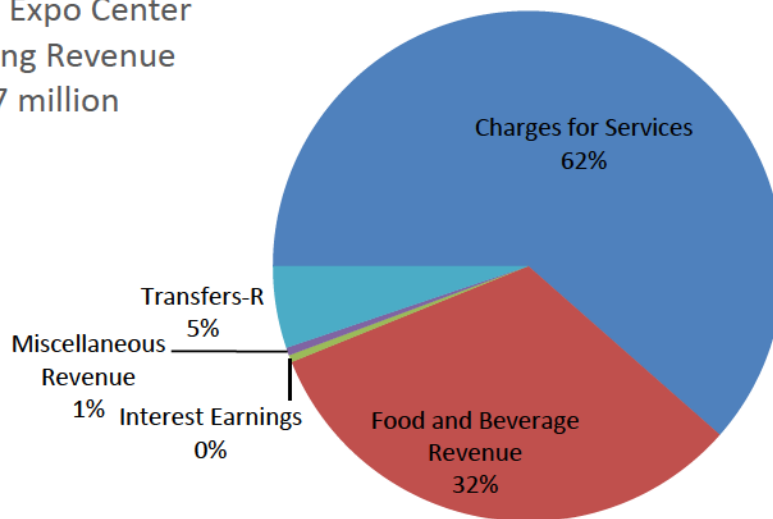
FY18-19 BUDGET PRIORITIES

- Drive revenues in key areas of Food and Beverage, Parking and Charges for Services through contracted management, sales efforts, policy direction and dynamic pricing opportunities.
- Broaden the education and outreach to varied groups of professional and political supporters towards the sustained fiscal support of the Portland Expo Center, its programs and increased economic impact to the region.
- Continued development of our venue professionals through training, professional development and strategic community engagement that supports Metro's broader diversity, equity and inclusion goals.
- Completion of valuable Capital Projects that are on time, under budget and represent the values of our agency by providing opportunities for COBID firms, our region and the long-term capital needs of the Portland Expo Center.
- Expand and solidify our long-term partnerships with Cirque du Soleil. Leverage partnership through capital investments, long-term planning, and the expansion of flexible event spaces for concerts and other opportunities on the Expo campus.
- Focused effort on solidifying the goals of the Expo Project through review of campus assets, analytical data review and unique partnerships that support the overall economic health, mission and vision of the Expo Center.

EXPO OPERATING REVENUE

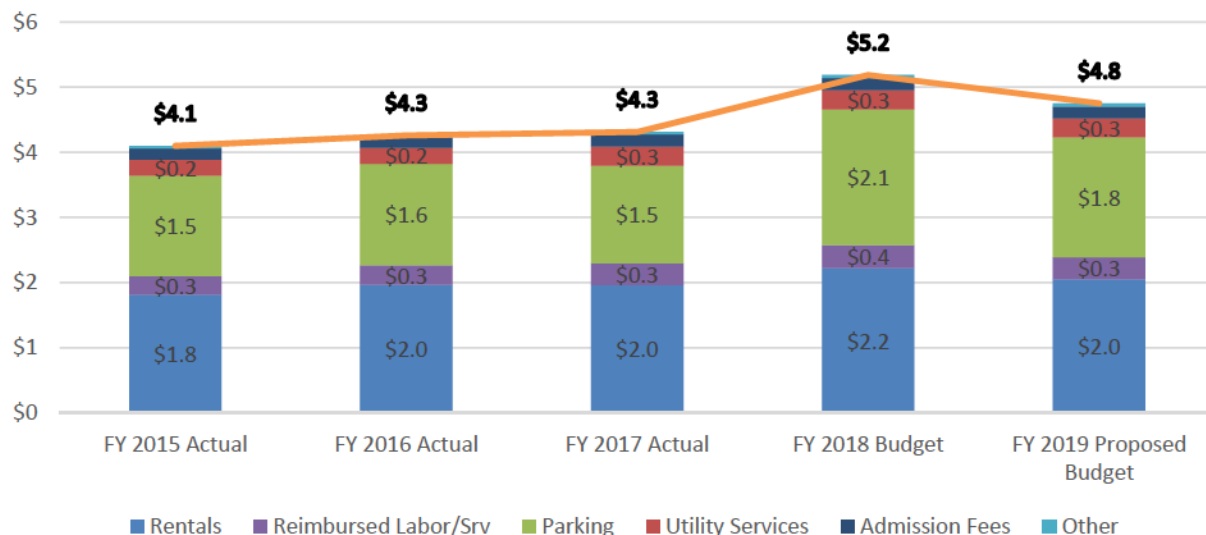
Expo's operating revenue is nearly entirely self-generated through Charges for Services and Food and Beverage sales. Transfers-R reflects a \$400,000 request from the Metropolitan Tourism Opportunity and Competitiveness Account (MTOCA) to support numerous marketing and campus enhancement initiatives. Expo also receives TLT Pooled Capital, however that is not shown here as it is restricted to capital projects.

Portland Expo Center Operating Revenue \$7.7 million

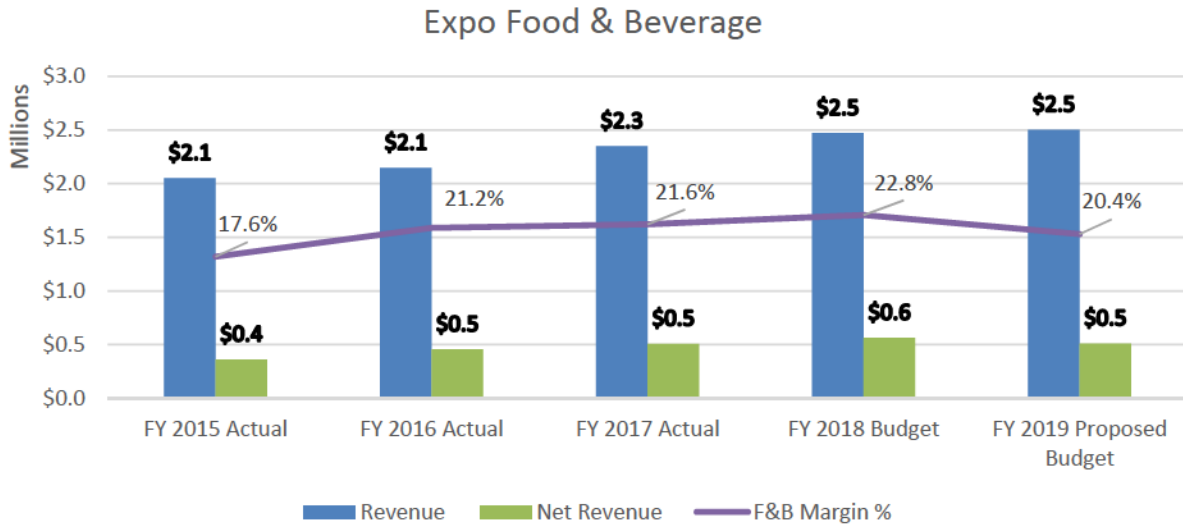


Charges for Services includes client fees, parking and admission fees. The largest client fee is space rental, though parking is a close second and growing faster with the planned increase from \$8 to \$10 per vehicle. Total Charges for Services are down from FY 2017-18 because Cirque du Soleil will not be here in FY 2018-19, however they are up 10 percent from FY 2016-17 actuals.

Expo Charges for Services

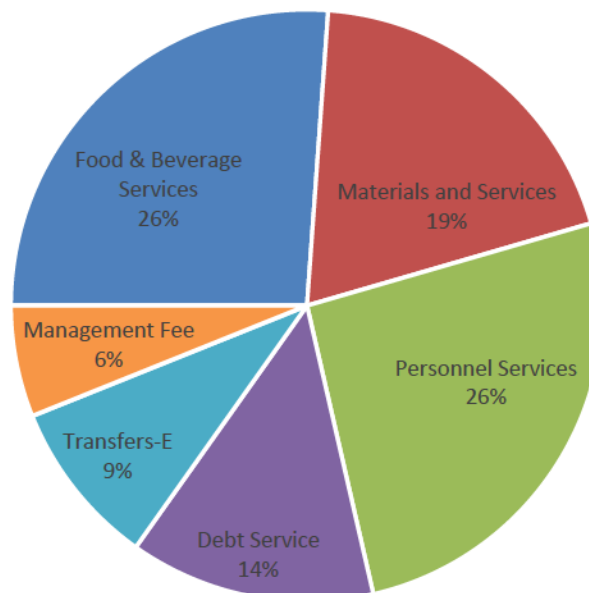


Food and Beverage is a major revenue source for Expo. Compared to FY 2016-17 actuals revenues are up 7 percent, primarily due to price increases. Personnel costs are budgeted to increase due to the impact of Oregon's minimum wage law and the new contract negotiated between pacificwild and organized labor, which results in a lower margin. Pacificwild is performing additional analysis and will provide proposals to increase the margin to levels historically achieved.



EXPO OPERATING EXPENSES

Portland Expo Center
Operating Expenses
\$7.6 million



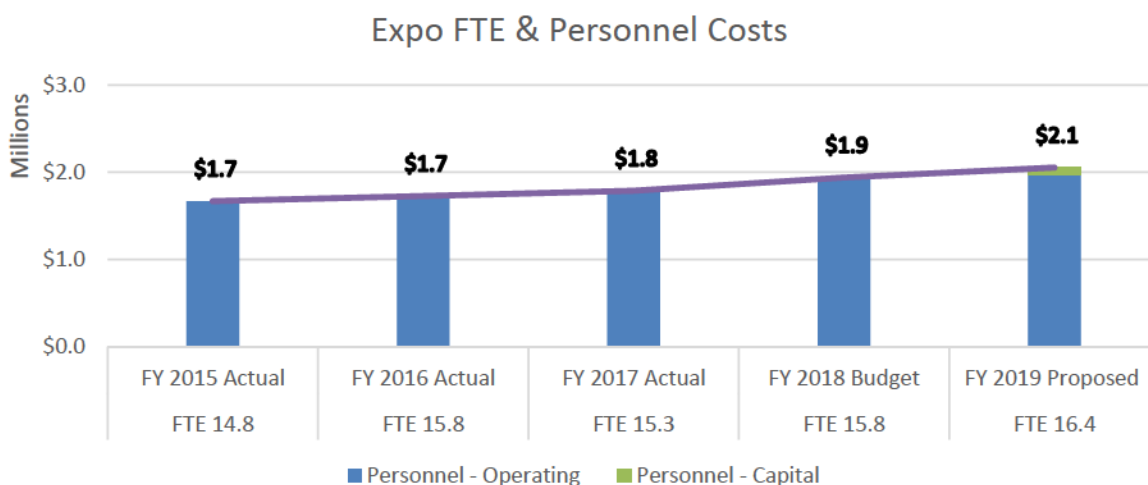
Personnel Services include all salary, wage and fringe costs related to Expo personnel. Base budget personnel costs are up 2 percent, which includes merit, step and Cost of Living Adjustment (COLA) increases, and increases in fringe costs. This is lower than OCC and P5 because Expo will use an on-call contract for electrical work, previously performed by an employee in a part time position (currently vacant), which shifted the budget from personnel to materials & services. Health and welfare costs are budgeted to increase 5 percent, and PERS is flat as FY18-19 is the second year of the biennial rate. PERS is expected to increase in FY19-20 from an average of 12.6 percent of total salary to 17.6 percent, a 40 percent increase overall.

There are currently no new positions proposed, but the FTE count has increased due to changes in allocations of existing staff between MERC and Metro departments.

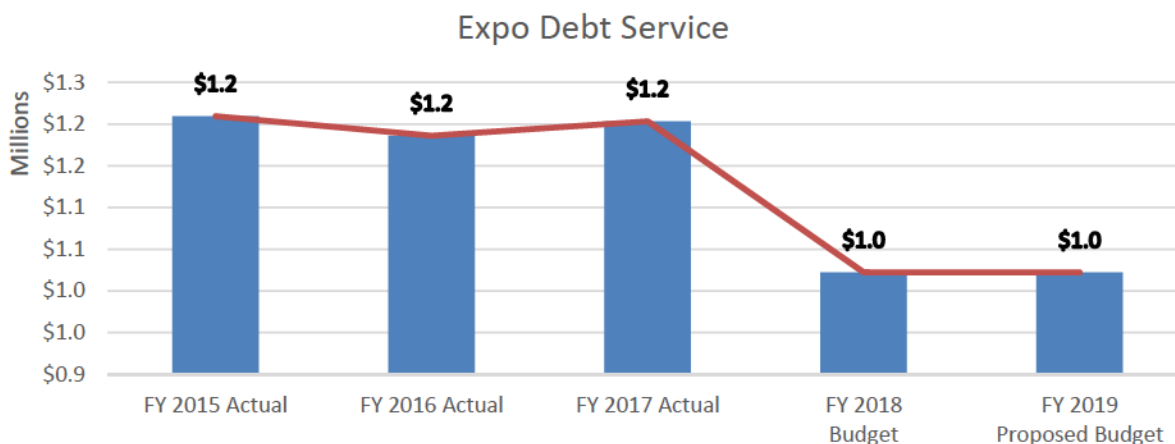
15.8 FY17-18 Adopted Budget FTE

0.6 Existing cPMO staff charged directly (formerly part of MERC Admin support charge)

16.4 FY18-19 Proposed Budget FTE

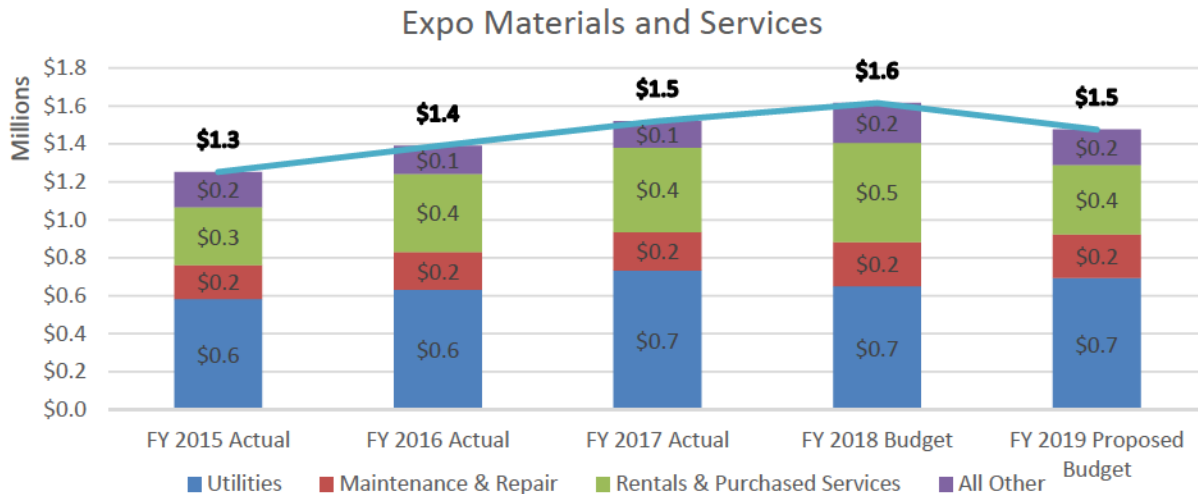


Expo's annual debt service is \$1 million through FY 2024-25. Prior to refunding in September 2016 the annual debt service was \$1.2 million.

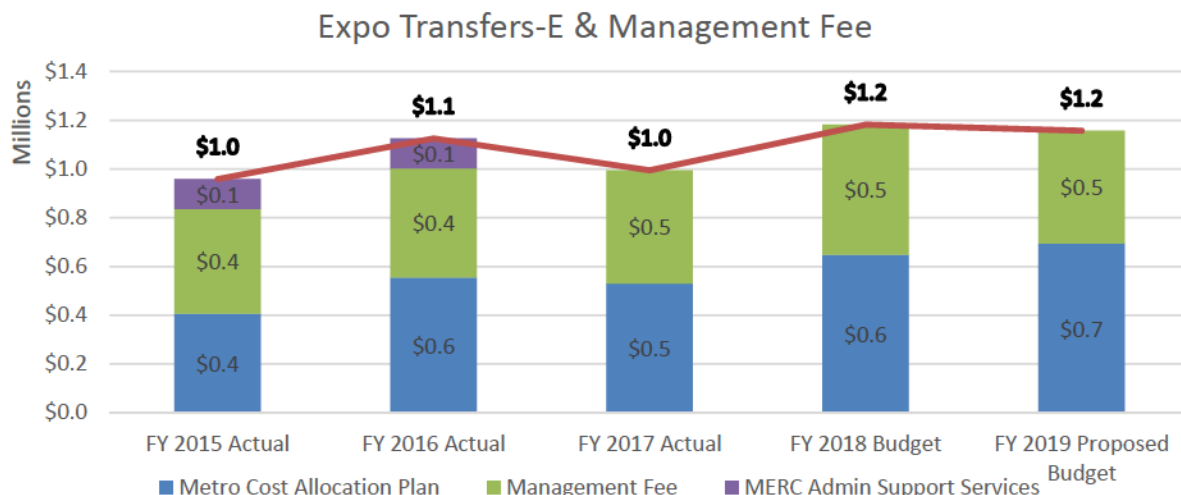


Materials and Services include purchased goods and services throughout all divisions of Expo: Marketing & Sales, Operations, Event Coordination, Auxillary Services, Special Services and Administration. Some costs are reimbursable by the client and vary year to year based on the event schedule.

Expo is continuing to realize several efficiency enhancements to the operation with the completion of lighting fixture and control upgrades, water efficiency upgrades, and HVAC control refurbishments. However, storm water and sewer utility costs are increasing. Expo staff identified several operating cuts within materials and services to absorb these increases.



The final major expense is Transfers-E, transfers to other MERC or Metro funds, and Management Fee. Transfers include the Metro cost allocation plan, which allocates costs of central services (Accounting, Human Resources, Information Systems, Office of Metro Attorney) and risk management (liability, property and workers' compensation claims). Expo's allocation for MERC Administration was waived this year, however Expo does pay for cPMO staff which are charged directly. New this year is the Management Fee to Metro, which supports the costs of general government activities such as the Council office and elections expense, as well as various planning, parks and venue activities.



Metropolitan Exposition-Recreation Commission
MERC Admin Sub Fund

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS								
Charges for Services	17,406	-	-	-	-	-	-	0%
Interest Earnings	17,433	64,501	115,094	50,000	130,798	130,798	80,798	162%
Transfers-R	1,259,590	1,298,890	1,250,977	1,424,152	880,389	880,389	(543,763)	-38%
Total Revenues	1,294,429	1,363,391	1,366,071	1,474,152	1,011,187	1,011,187	(462,965)	-31%
Materials and Services	297,282	282,631	326,269	538,385	391,184	391,184	(147,201)	-27%
Personnel Services	773,769	832,280	737,859	1,105,485	715,616	715,616	(389,869)	-35%
Transfers-E	12,000	-	33,850	7,725	73,267	73,267	65,542	848%
Total Expenditures	1,083,051	1,114,911	1,097,977	1,651,595	1,180,067	1,180,067	(471,528)	-29%
Net Operations	211,378	248,480	268,094	(177,443)	(168,880)	(168,880)	8,563	-5%
CAPITAL								
Lodging Tax Pooled Capital	5,241,751	6,741,441	6,525,901	6,741,441	-	-	(6,741,441)	100%
Transfers-R	(1,483,000)	(820,000)	(2,391,740)	(18,850,000)	-	-	18,850,000	-100%
Total Revenues	3,758,751	5,921,441	4,134,161	(12,108,559)	-	-	12,108,559	-100%
Capital Outlay	54,000	-	-	250,000	-	-	(250,000)	-100%
Total Expenditures	54,000	-	-	250,000	-	-	(250,000)	-100%
Net Capital	3,704,751	5,921,441	4,134,161	(12,358,559)	-	-	12,358,559	-100%
Grand Total Operations / Capital	3,916,129	6,169,921	4,402,255	(12,536,002)	(168,880)	(168,880)	12,367,122	-99%
Beginning Fund Balance	4,085,355	8,001,484	14,171,405	18,573,660	6,539,885	6,539,885		
Ending Fund Balance	8,001,484	14,171,405	18,573,660	6,037,658	6,371,005	6,371,005		

MERC Administration

MERC Administration supports the success of the MERC Venues and the Zoo including facilitating contractual services, goal setting, strategic planning, and special project management.

SIGNIFICANT CHANGES IN THE BUDGET

- TLT Pooled Capital will be received directly by OCC (85%) and Expo (15%) starting in FY 2018-19, eliminating the need for transfers out of MERC Admin. MERC Admin will maintain a balance of \$5 million in TLT Pooled Capital.
- The Communications and Policy Development Manager will be allocated 25% to the Zoo this year, rather than fully funded by MERC Admin.
- The Director of Strategic Initiatives-Visitor Venues will continue to be fully funded by MERC Admin, rather than allocated 25% to the Zoo as previously planned. This is a two year limited duration position ending June 30, 2019.
- cPMO staff will be charged directly to the venues this year, rather than to MERC Admin. This makes these costs more transparent to the venues. It also allows the Venues to show these costs are part of Capital Projects, a division which is shown below Net Operations on the monthly financial reports, and to fund them with TLT Pooled Capital.

FY18-19 BUDGET PRIORITIES

- Continue development and implementation of Phase III of the Expo Project.
- Continue development of the Portland'5 Project.
- Ensure proper reporting to stakeholders of the required minority contracting and workforce equity goals throughout the construction of the OCC Hotel project.
- Advocate and provide follow-through for the MERC commission's desired goals and outcomes resulting from the March 7, 2018 MERC Retreat.

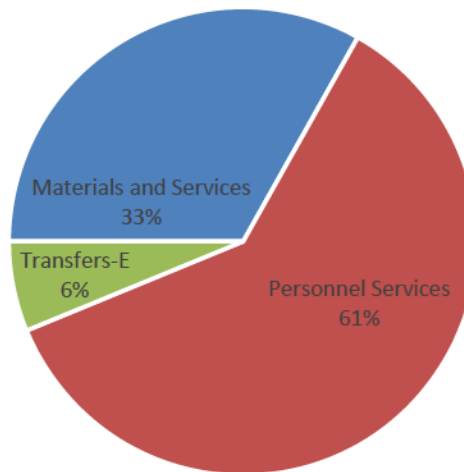
MERC ADMINISTRATION OPERATING REVENUE

MERC Administration is a support service to the venues, and the primary revenue source is Transfers-R. The allocation amount is pro-rated between the MERC venues based on operating revenues. Expo's allocation has been waived this year, as it was in FY 2016-17 and FY 2017-18, to support fiscal stability in that fund. That waiver does not affect the amounts charged to OCC or Portland's.

In addition MERC Administration receives some interest revenue on the \$5 million it maintains in TLT Pooled Capital.

MERC ADMINISTRATION OPERATING EXPENSES

MERC Administration
Operating Expenses
\$1.2 million



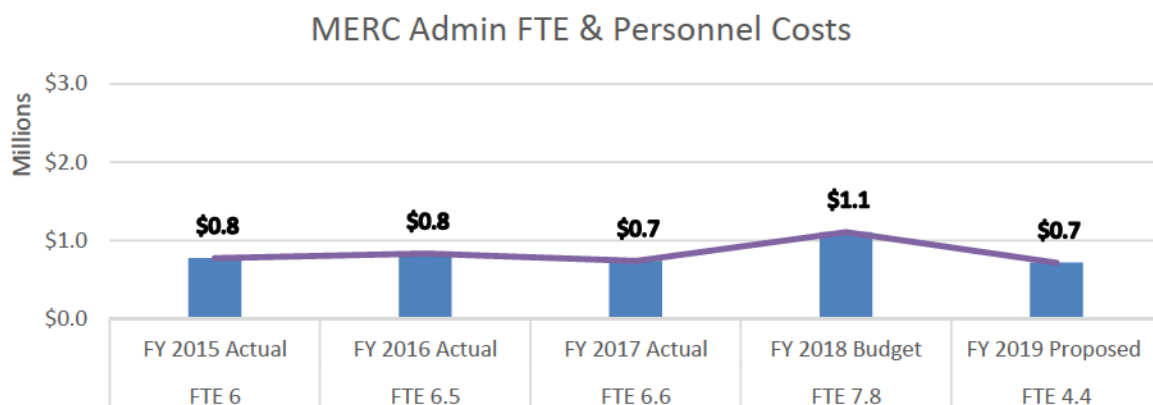
Personnel Services include all salary, wage and fringe costs related to MERC Administration personnel. Costs and FTE have decreased due to changes in allocations of existing staff between MERC and Metro departments.

7.8 FY17-18 Adopted Budget FTE

(3.2) Existing cPMO staff charged directly (formerly part of MERC Admin support charge)

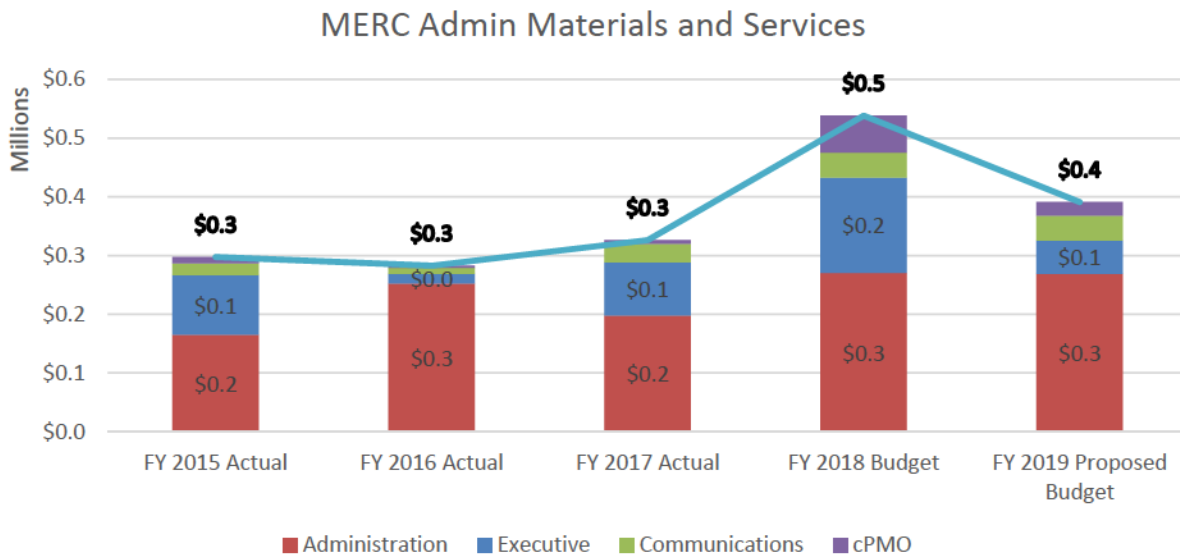
(0.2) Communications & Policy Development Manager allocated 25% to Oregon Zoo

4.4 FY18-19 Proposed Budget FTE



Materials and Services include purchased goods and services throughout all divisions of MERC
Administration: Executive, Administration, Communications and cPMO.

The largest of these is Administration, which includes costs such as software maintenance for the venues and the MERC portion of Metro's annual audit.



MERC Administration also pays a portion of the Metro cost allocation plan.

MERC Glossary of Terms and Acronyms

Aramark	The venues contract with Aramark also referred to as Pacific Wild, for all Food and Beverage services.
AHH	Antoinette Hatfield Hall
AFSCME	American Federation of State, County and Municipal Employees
ASCH	Arlene Schnitzer Concert Hall
Business Strategy Reserve	The Business Strategy funds are dedicated to each venue individually and reserved for specific new (non replacement) capital items or strategic business opportunities requiring seed funding. The Business Strategy Reserve is funded by 10% of any net operating revenue the end of each fiscal year.
CAB	Customer Advisory Board - a group of existing customers convened to advise Travel Portland and its partners on industry trends, business priorities, and strategic direction.
CIP	Capital Improvement Plan
cPMO	Construction Project Management Office
DEI	Diversity, Equity and Inclusion
EBMS	Event Business Management System – Software used to manage events and related contracts.
ESB	Emerging Small Business
FAM	Familiarization Trip - trips planned for travel executives in order to provide them with information on what Portland has to offer.
FTE	Full Time Equivalent – an employee who works 40 hours per week
FOTA	First Opportunity Target Area - A hiring program intended to give residents living in an area identified as having more disadvantaged businesses and families a "First Opportunity" in employment at the Oregon Convention Center, Portland's Centers for the Arts and Portland Expo Center.
IGA	Intergovernmental Agreement
IUOE	International Union of Operating Engineers
MERC	Metropolitan Exposition Recreation Commission
MOU	Memorandum of Understanding

MERC Glossary of Terms and Acronyms

OBT	Oregon Ballet Theater - a resident company of the Keller Auditorium
OCC	Oregon Convention Center
OCT	Oregon Children's Theater - a resident company of the Arlene Schnitzer Concert Hall.
OSO	Oregon Symphony Orchestra - a resident company of the Arlene Schnitzer Concert Hall.
P'5	Portland's Centers for the Arts, the umbrella organization overseeing management of and events within the Arlene Schnitzer Concert Hall, Keller Auditorium and the Brunish, Newmark and Winningstad Theaters inside Antoinette Hatfield Hall.
"PAC Man Chart"	Graphic chart depicting how TLT funds are distributed.
PCPA	Portland Center for the Performing Arts, the original name of Portland's Centers for the Arts.
RACC	Regional Arts and Culture Council - Established in 1995 RACC provides grants for artists, nonprofit organizations and schools.
RFB	Request for bid
RFP	Request for proposal
R&R	Renewal & Replacement or capital program for replacing equipment such as vehicles and facility elements such as roofs & HVAC systems that have fulfilled their useful life.
TID	Tourism Improvement District - Portland's TID is a city-approved and hotelier-proposed assessment of two percent per night on guest room revenues for all hotels with more than 50 rooms located within the city of Portland.
TLT	Transit Lodging Tax - Tax collected from overnight Portland hotel guests.
VDI	The Visitors Development Initiative (VDI) was created in April 2000. At that time, the hotel and rental car industries agreed to self-tax themselves and increase the existing occupancy and rental car taxes by 2.5%. The tax increase led to the development of a Visitor Facility Trust Account (VFTA) that has collected enough revenue to support bonds that not only expanded the Oregon Convention Center, but also assisted in capital improvements for Portland's and Jeld-Wen Field, and continue to provide enhanced marketing dollars for the convention center operations.

MERC Glossary of Terms and Acronyms

VDF	The Visitor Development Fund, as a component of the VFTA was created for the purpose of distributing grant funds to conventions and other organizations with the purpose of generating additional hotel occupancy and vehicle rental use.
VFIGA	Visitor Facilities Intergovernmental Agreement - Agreement between Multnomah County, City of Portland and Metro on how Transient Lodging Taxes (TLT) and Motor Vehicle Rental Taxes are distributed throughout Multnomah County. They are illustrated in the PAC Man Chart.
VFTA	Visitor Facilities Trust Account is a fund developed by the Visitor Development Initiative. The VFTA is funded by a 2.5% transient lodging tax and 2.5% vehicle rental tax in Multnomah County and outlines a series of bonds and financial obligations known as “buckets”. These obligations are for the purpose of enhancing visitor facilities and funding other initiatives with the purpose of driving visitors to the greater Portland region.

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



MERC Budget Committee

February 12, 2018

Agenda

Introduction

Operating Budgeting Process

By Venue

- Portland's 5 Centers for the Arts
- Oregon Convention Center
- Portland Expo Center
- MERC Administration

Commission Budget Process Review

Adjourn

Operating Budget Process

- Base budget
 - Budget priorities
 - Event Schedule
 - Significant Changes
- New FTEs / Programs

Portland's Centers for the Arts

Budget Priorities

- Portland's Presents
- Long term funding strategy for Portland's
- Portland's Foundation
- Sponsorship, advertising and marketing initiatives that generate revenue
- Education and community engagement program

Portland's Centers for the Arts

Significant Changes in the Budget

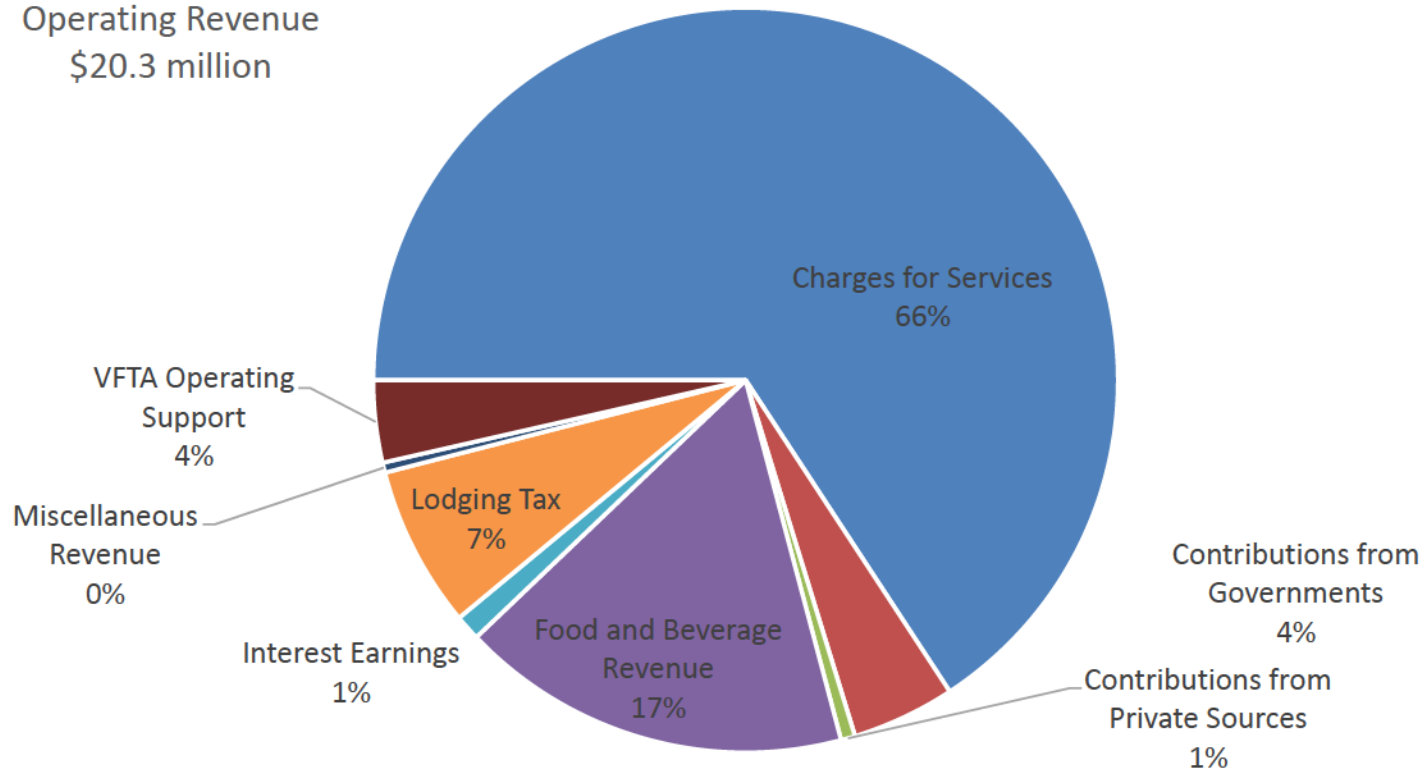
- 9 weeks of Broadway, including 2 weeks of Phantom of the Opera
- Rental and billable rates up 3 percent
- Food & Beverage up 9 percent
- \$125,000 for Education Program from Portland's Foundation
- Increased security in Materials & Services

Portland's Centers for the Arts

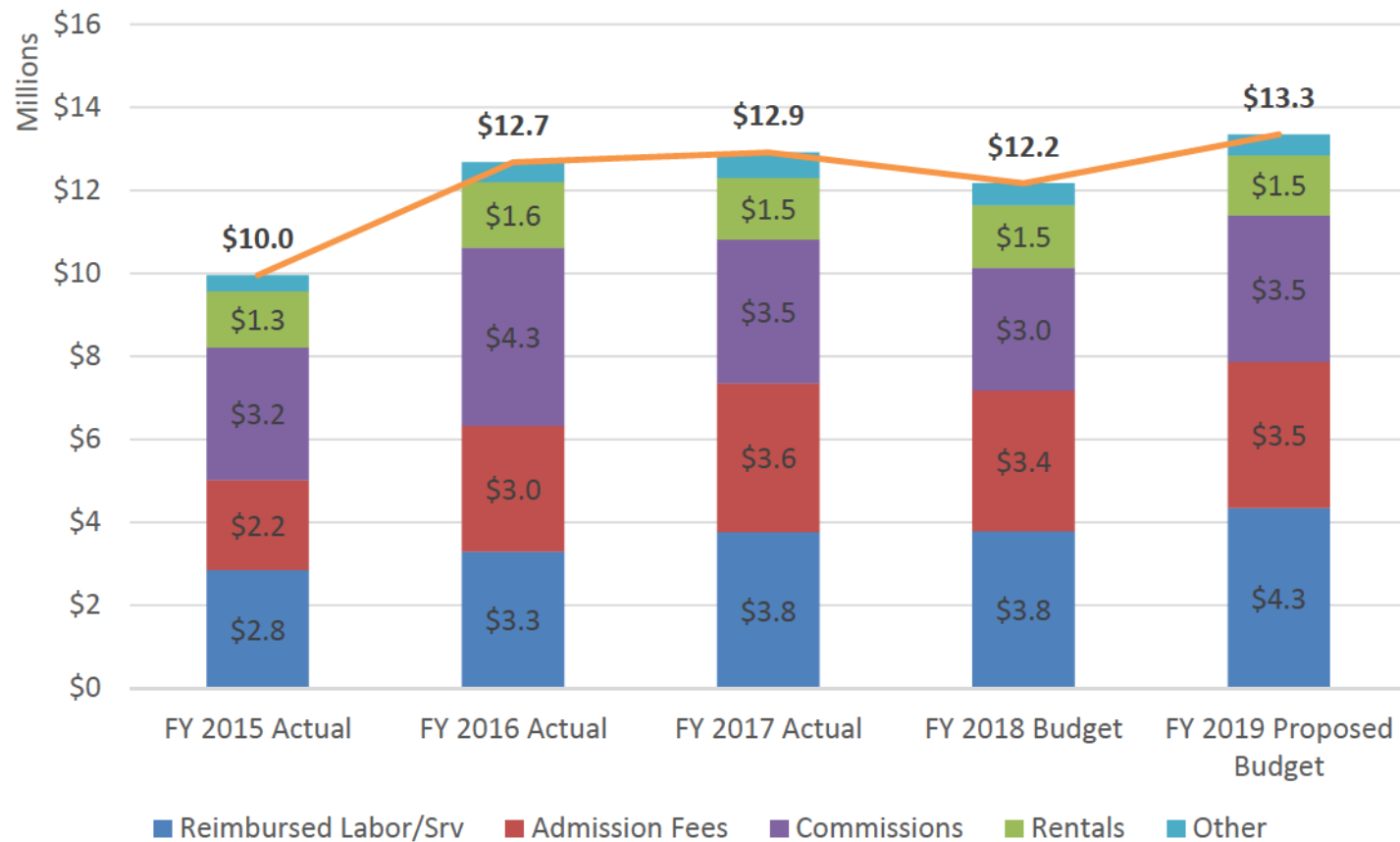
	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS						
Charges for Services	12,914,253	12,170,223	13,346,980	13,346,980	1,176,757	10%
Contributions from Governments	866,299	889,441	911,677	911,677	22,236	2%
Contributions from Private Sources	-	75,000	125,000	125,000	50,000	67%
Food and Beverage Revenue	3,329,348	3,175,764	3,450,895	3,450,895	275,131	9%
Grants	-	38,000	-	-	(38,000)	-100%
Interest Earnings	153,354	170,000	225,000	225,000	55,000	32%
Lodging Tax	1,355,841	1,390,686	1,425,443	1,425,443	34,757	2%
Miscellaneous Revenue	102,488	61,590	89,000	89,000	27,410	45%
Transfers-R	-	-	-	-	-	0%
VFTA Operating Support	685,783	703,941	721,540	721,540	17,599	3%
Total Revenues	19,407,366	18,674,645	20,295,535	20,295,535	1,620,890	9%
Food & Beverage Services	2,486,088	2,503,553	2,643,820	2,643,820	140,267	6%
Materials and Services	6,190,771	6,323,561	6,899,417	6,899,417	575,856	9%
Personnel Services	7,099,975	7,862,673	8,308,908	8,491,061	628,388	8%
Transfers-E	1,698,417	1,808,335	1,647,114	1,647,114	(161,221)	-9%
Total Expenditures	17,475,251	18,498,122	19,499,259	19,681,412	1,183,290	6%
Net Operations	1,932,115	176,523	796,276	614,123	437,600	248%

Portland's Revenue

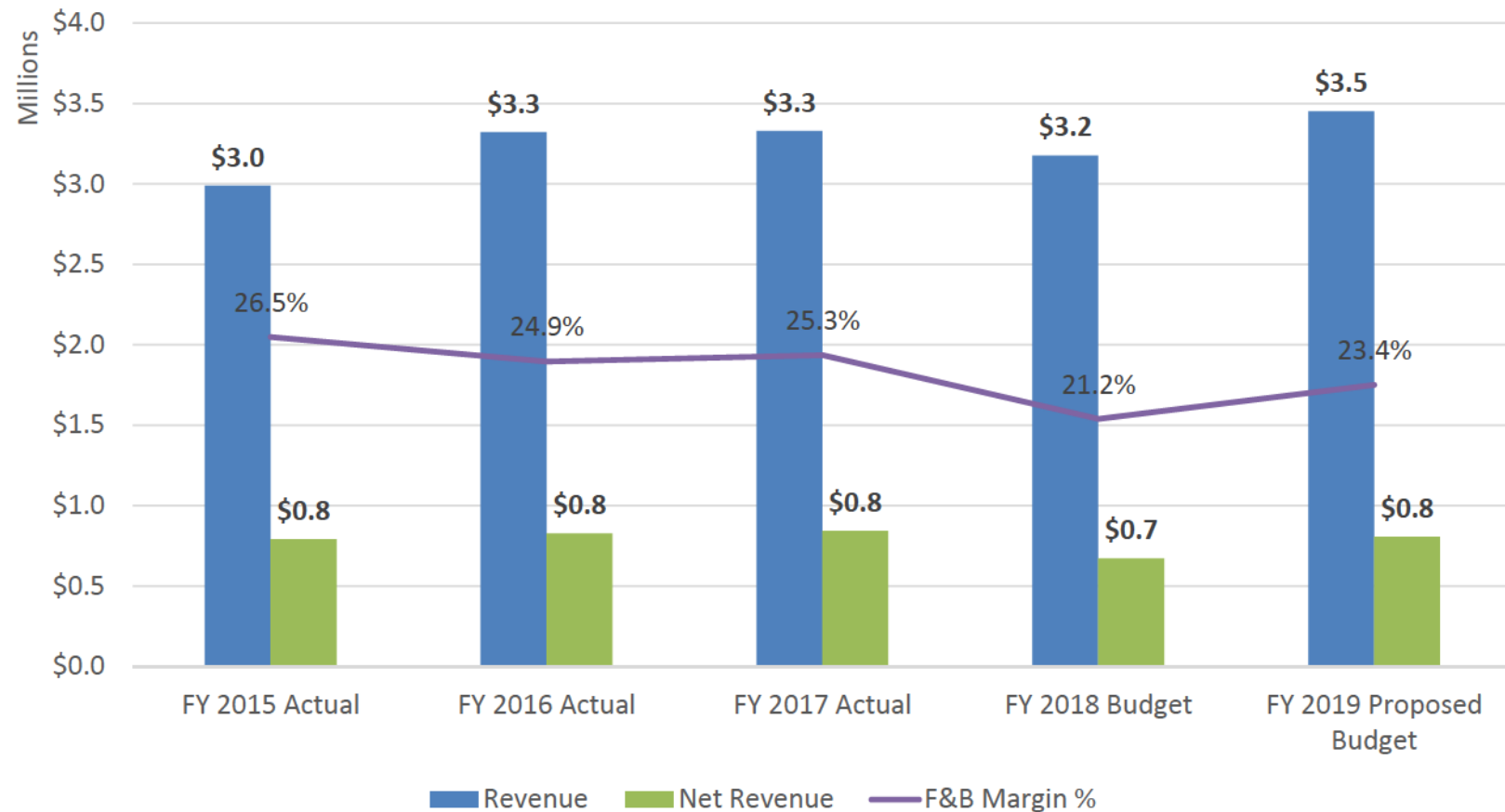
Portland's Centers for the Arts
Operating Revenue
\$20.3 million



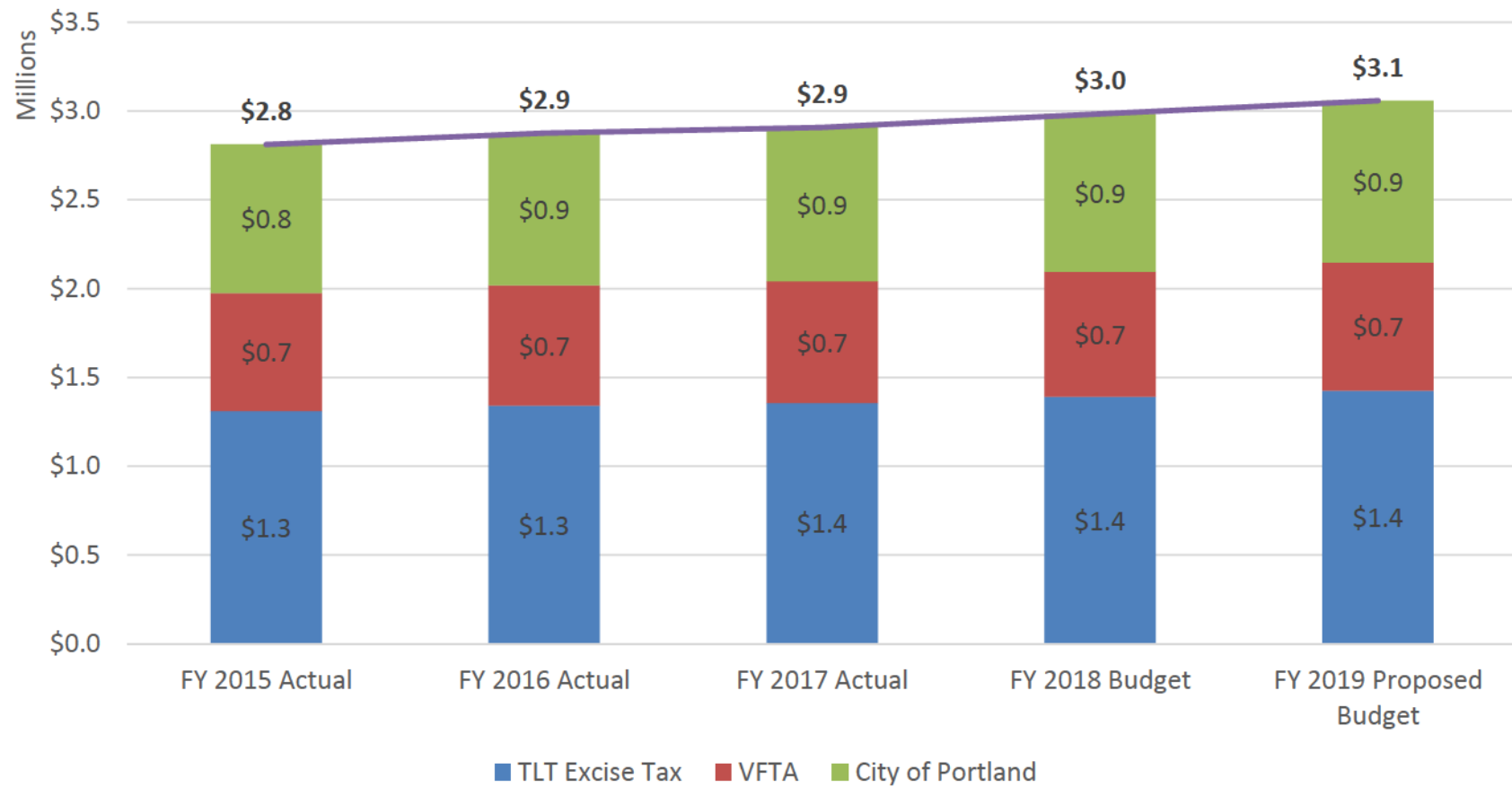
Portland's Charges for Services



Portland's Food & Beverage

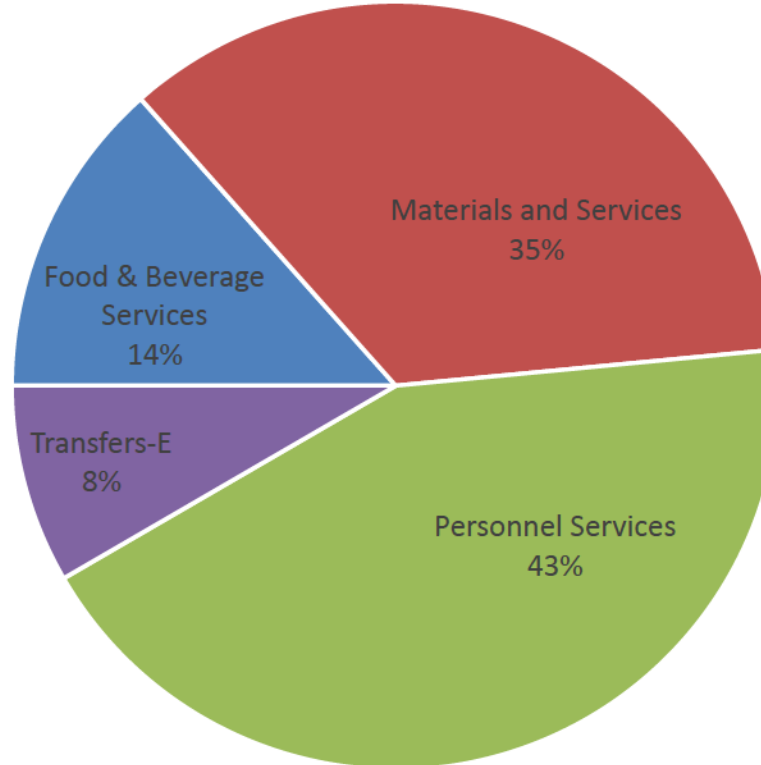


Portland's Government Support

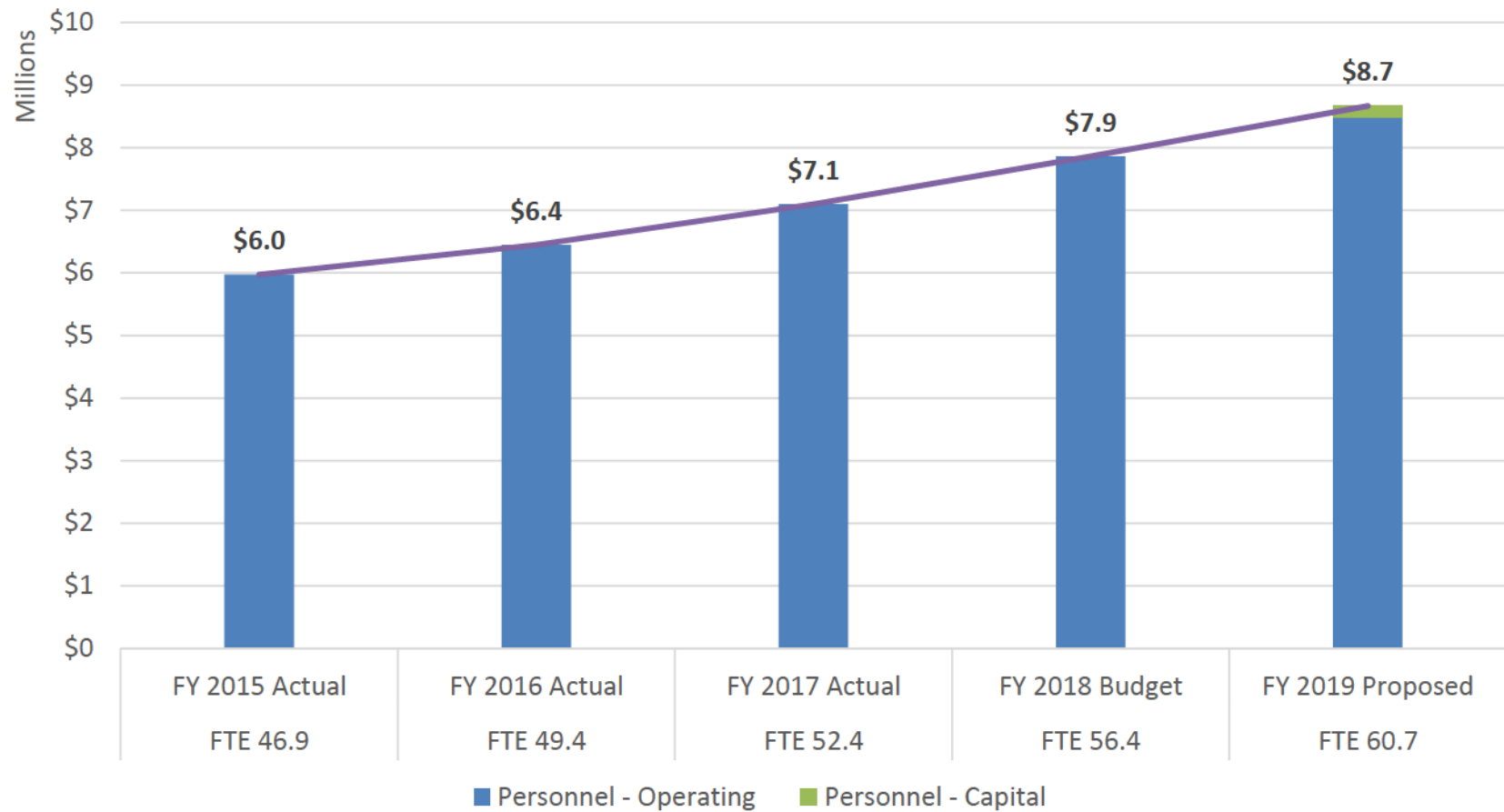


Portland's Expense

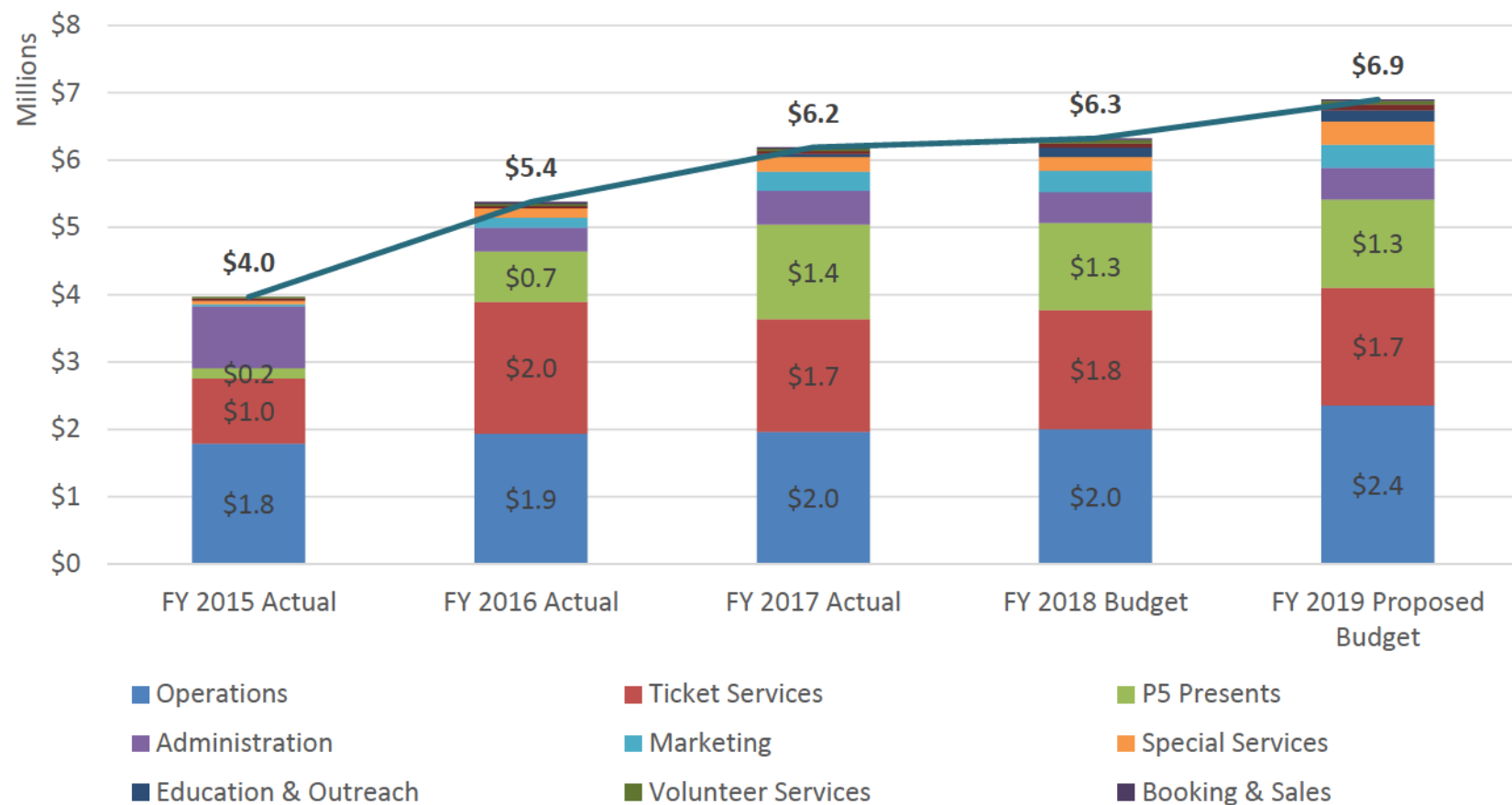
Portland's Centers for the Arts
Operating Expenses
\$19.7 million



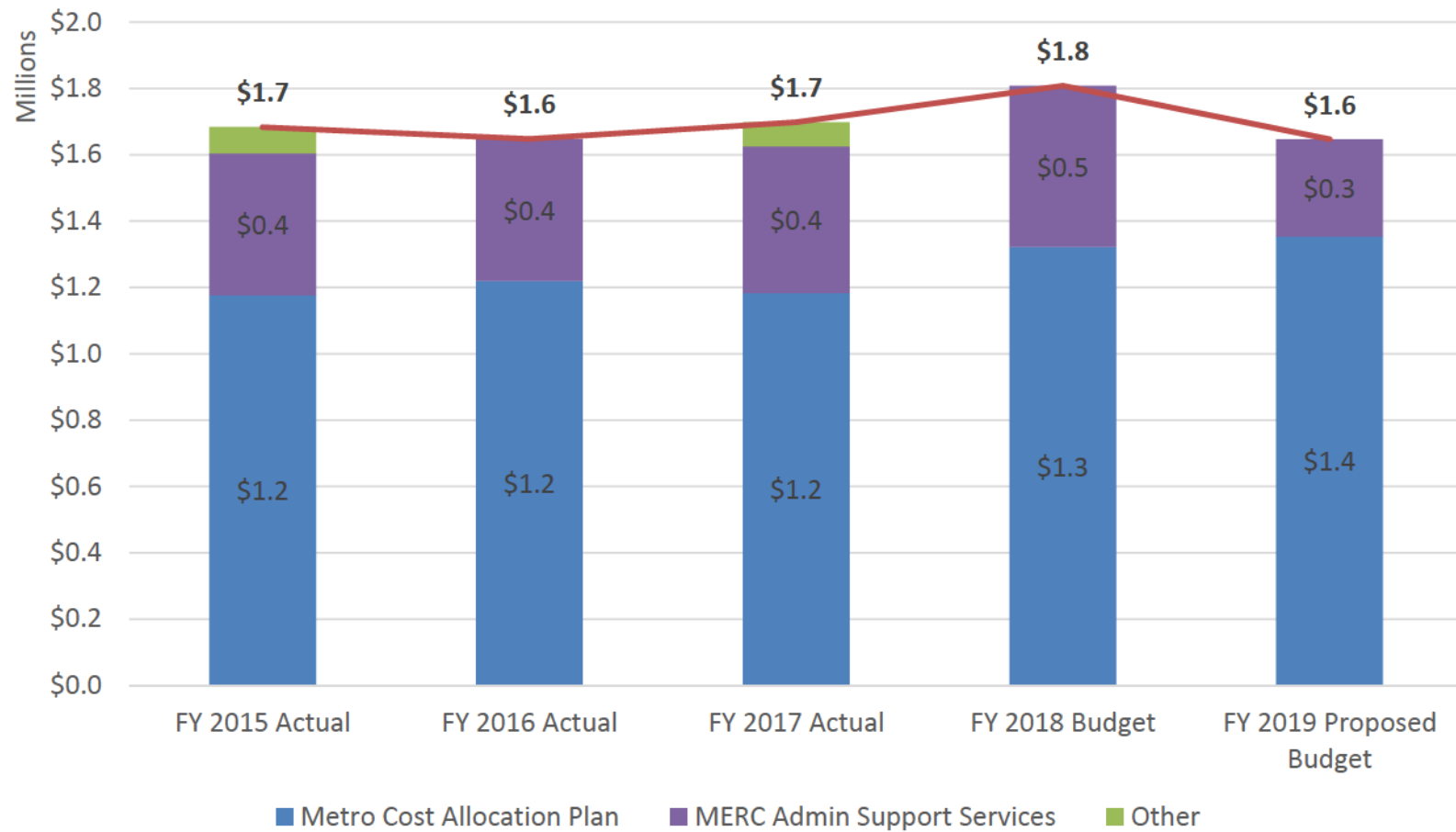
Portland's Personnel Costs



Portland's Materials & Services



Portland's Transfers



Portland's New Requests

Administrative Technician in Education

- Proposed cost: \$79,000

Facility Security Agent

- Proposed cost: \$35,000

Administrative Assistant at reception

- Proposed cost: \$59,000

Oregon Convention Center

Budget Priorities

- Master Renovation and facility maintenance
- World class customer service
- Economic impact
- Public Safety
- Maintain strategic reserves

Oregon Convention Center

Significant Changes in the Budget

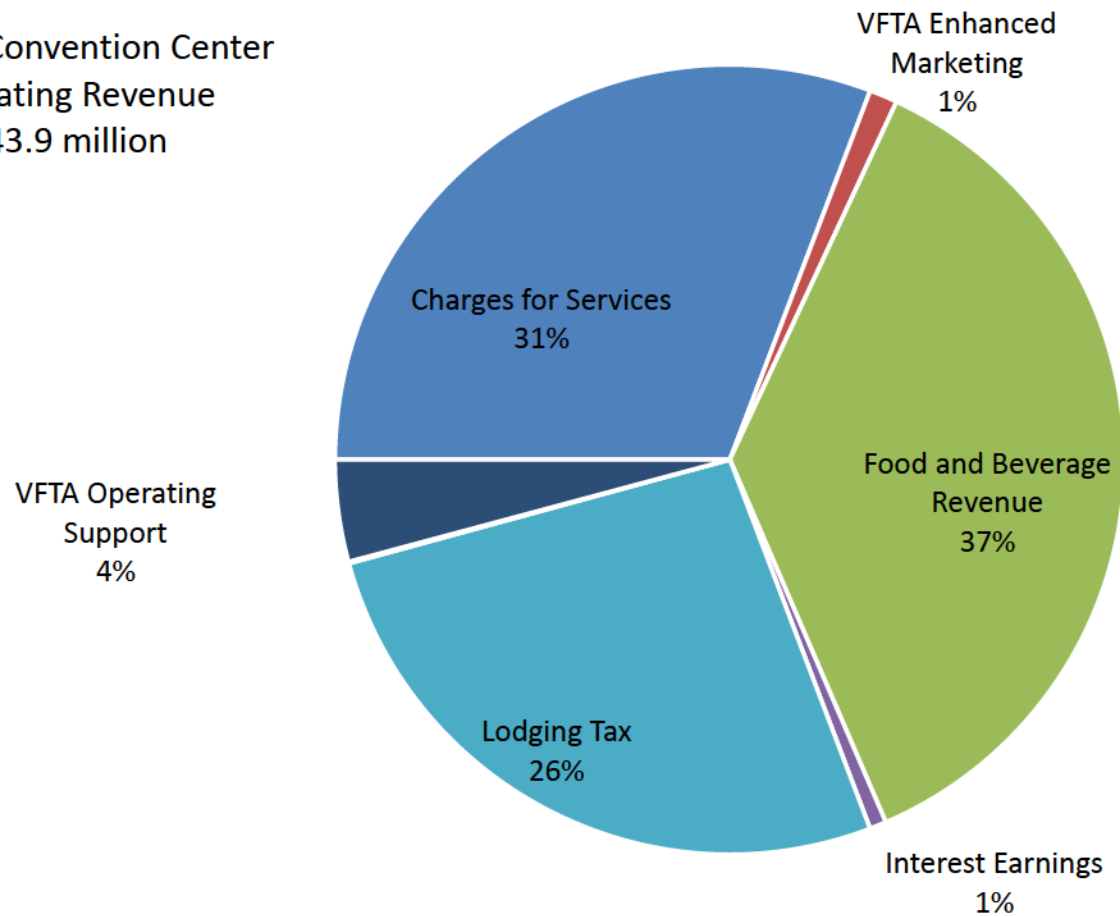
- Record rental income, \$5 million
- Parking revenue, \$2.1 million
- Food & Beverage revenue, \$16.1 million
- Additional 1.0 cPMO FTE
- Materials & Services increases related to event revenues
- Excise tax / Management fee

Oregon Convention Center

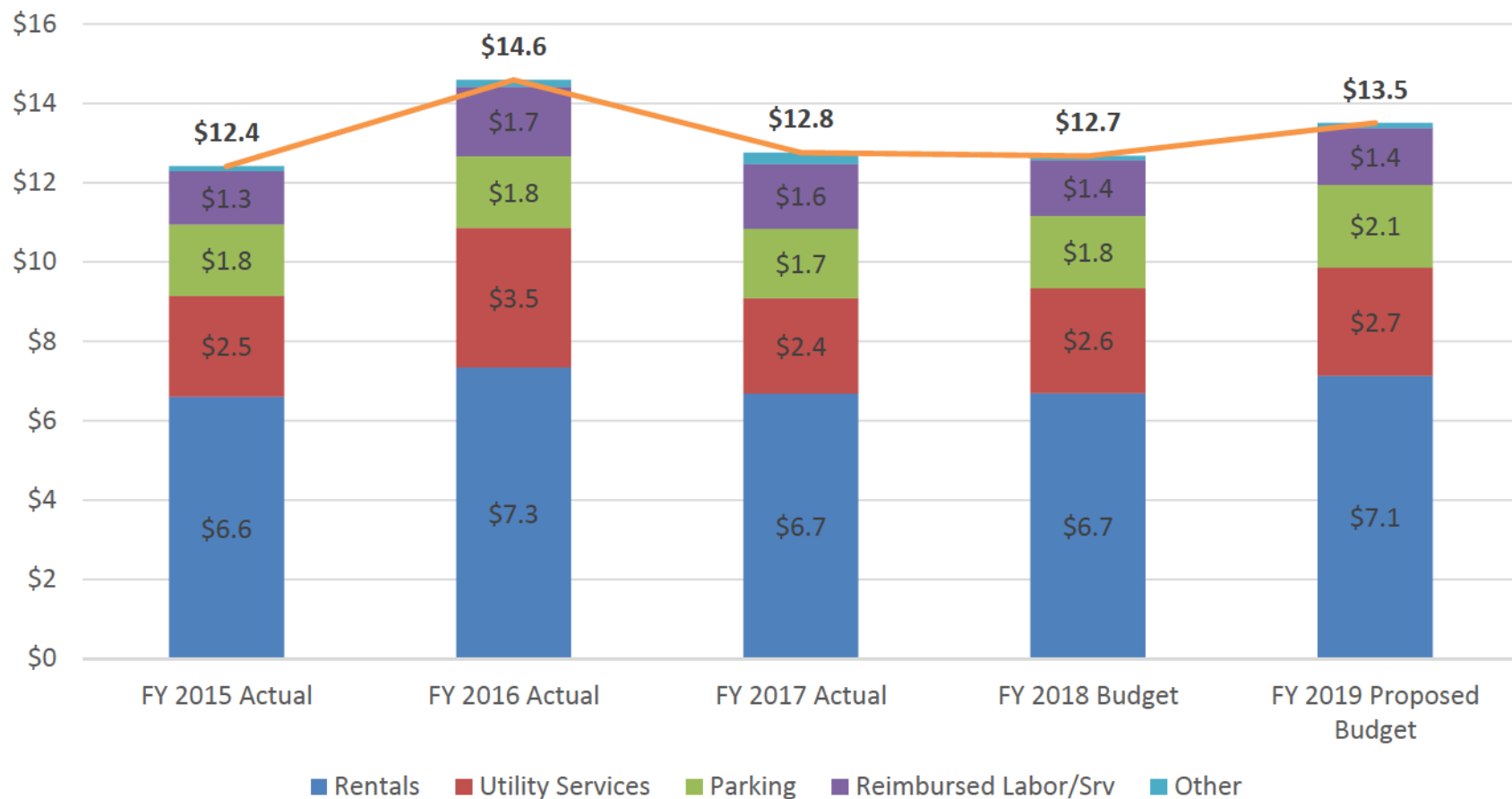
	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS						
Charges for Services	12,758,745	12,673,382	13,507,270	13,507,270	833,888	7%
Contributions from Private Sources	-	-	-	-	-	0%
VFTA Enhanced Marketing	478,453	491,122	503,014	503,014	11,892	2%
Food and Beverage Revenue	14,397,491	14,028,919	16,054,616	16,054,616	2,025,697	14%
Grants	8,055	-	-	-	-	0%
Interest Earnings	189,373	190,000	300,000	300,000	110,000	58%
Lodging Tax	10,898,863	11,661,784	11,644,428	11,644,428	(17,356)	0%
Miscellaneous Revenue	29,936	17,700	28,828	28,828	11,128	63%
Transfers-R	50,000	-	-	-	-	0%
VFTA Operating Support	5,739,705	3,784,454	1,829,111	1,829,111	(1,955,343)	-52%
Total Revenues	44,550,621	42,847,361	43,867,267	43,867,267	1,019,906	2%
Food & Beverage Services	10,899,392	10,840,964	12,547,299	12,547,299	1,706,335	16%
Materials and Services	8,922,820	9,848,744	10,104,061	10,131,641	282,897	3%
Personnel Services	10,110,575	11,199,173	11,875,043	12,063,039	863,866	8%
Transfers-E	7,599,007	3,768,414	4,145,065	4,145,065	376,651	10%
Management Fee	1,894,621	1,862,951	1,877,840	1,877,840	14,889	1%
Visitor Development Marketing	478,453	2,491,122	503,014	503,014	(1,988,108)	-80%
Total Expenditures	39,904,868	40,011,368	41,052,322	41,267,898	1,256,530	3%
Net Operations	4,645,753	2,835,993	2,814,945	2,599,369	(236,624)	-8%

OCC Revenue

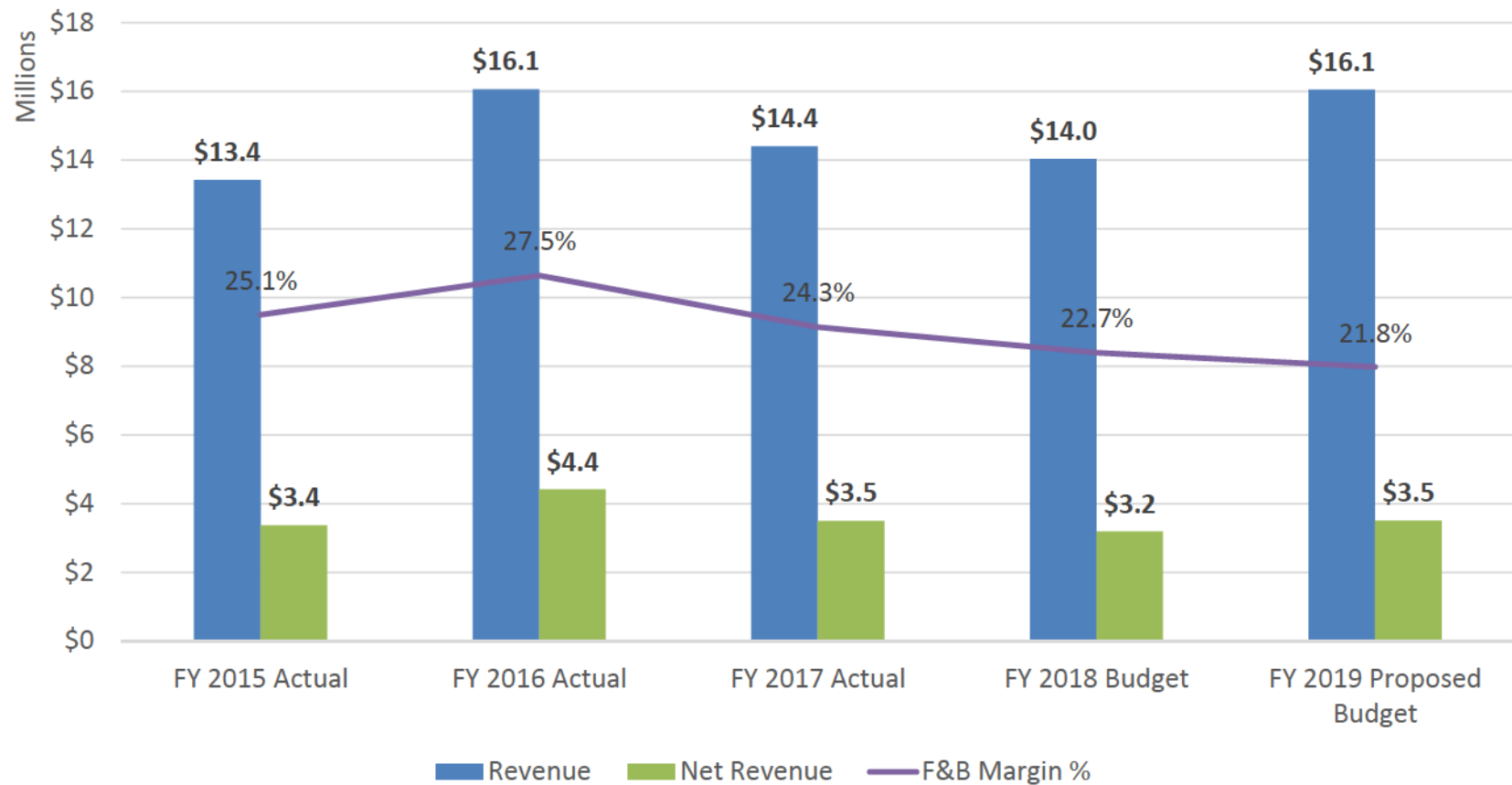
Oregon Convention Center
Operating Revenue
\$43.9 million



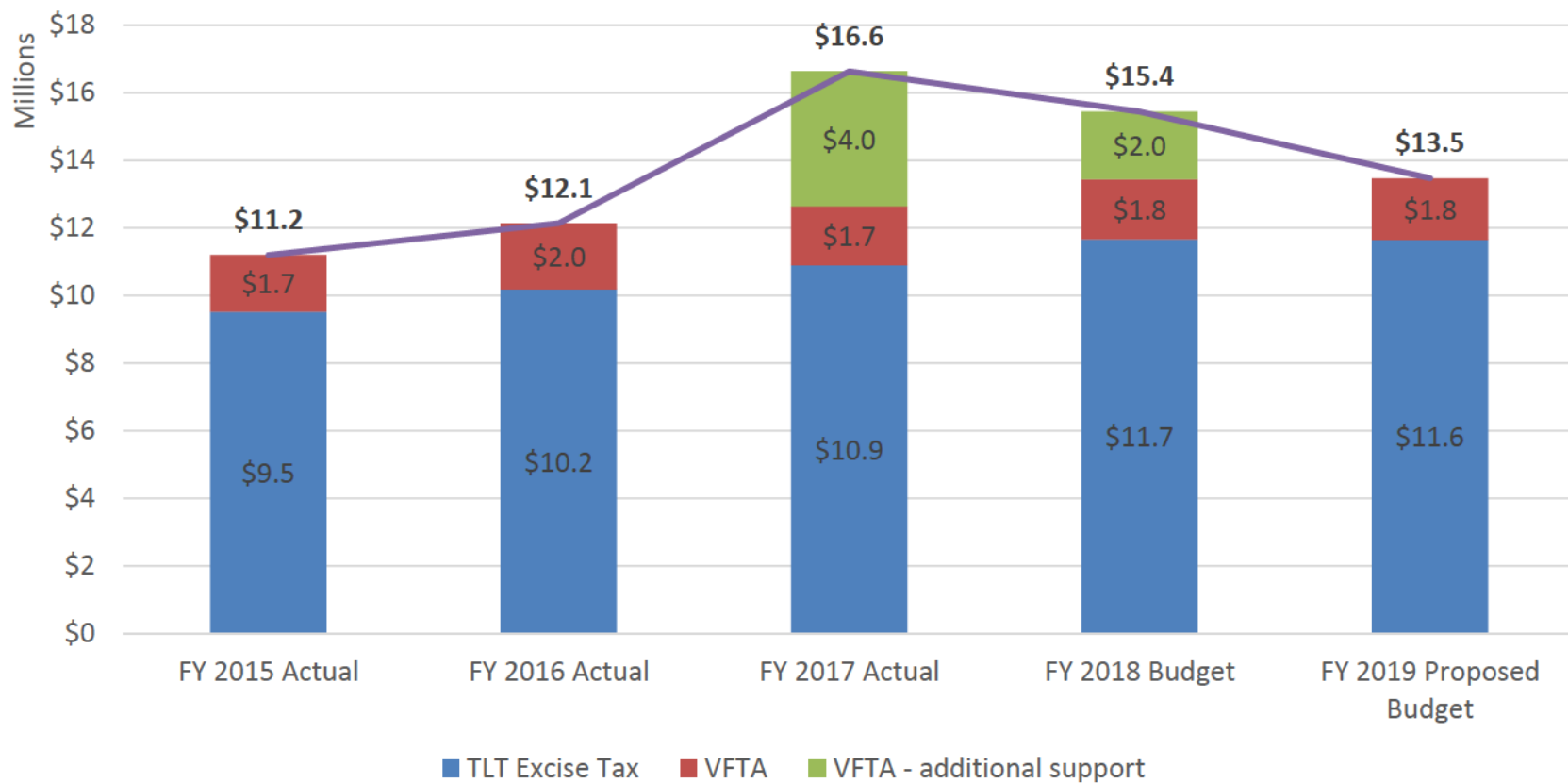
OCC Charges for Services



OCC Food & Beverage

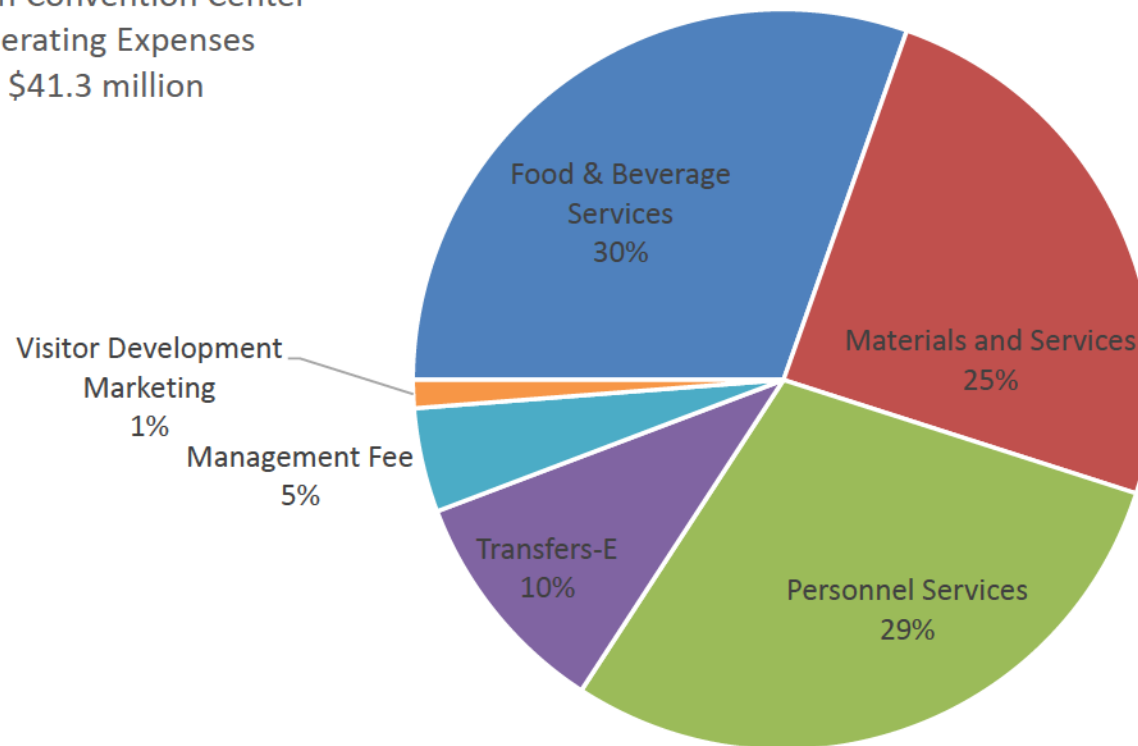


OCC TLT & VFTA

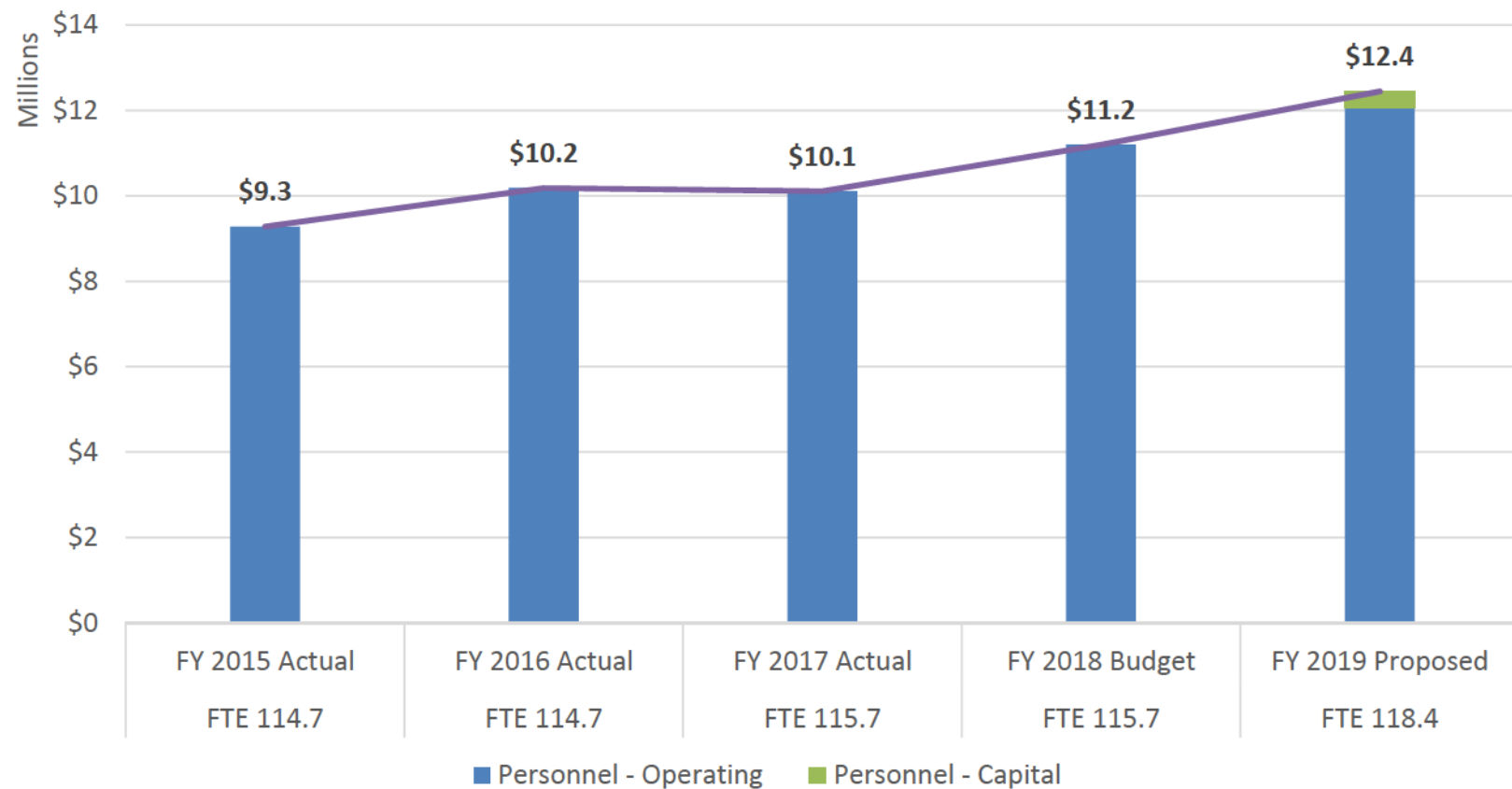


OCC Expense

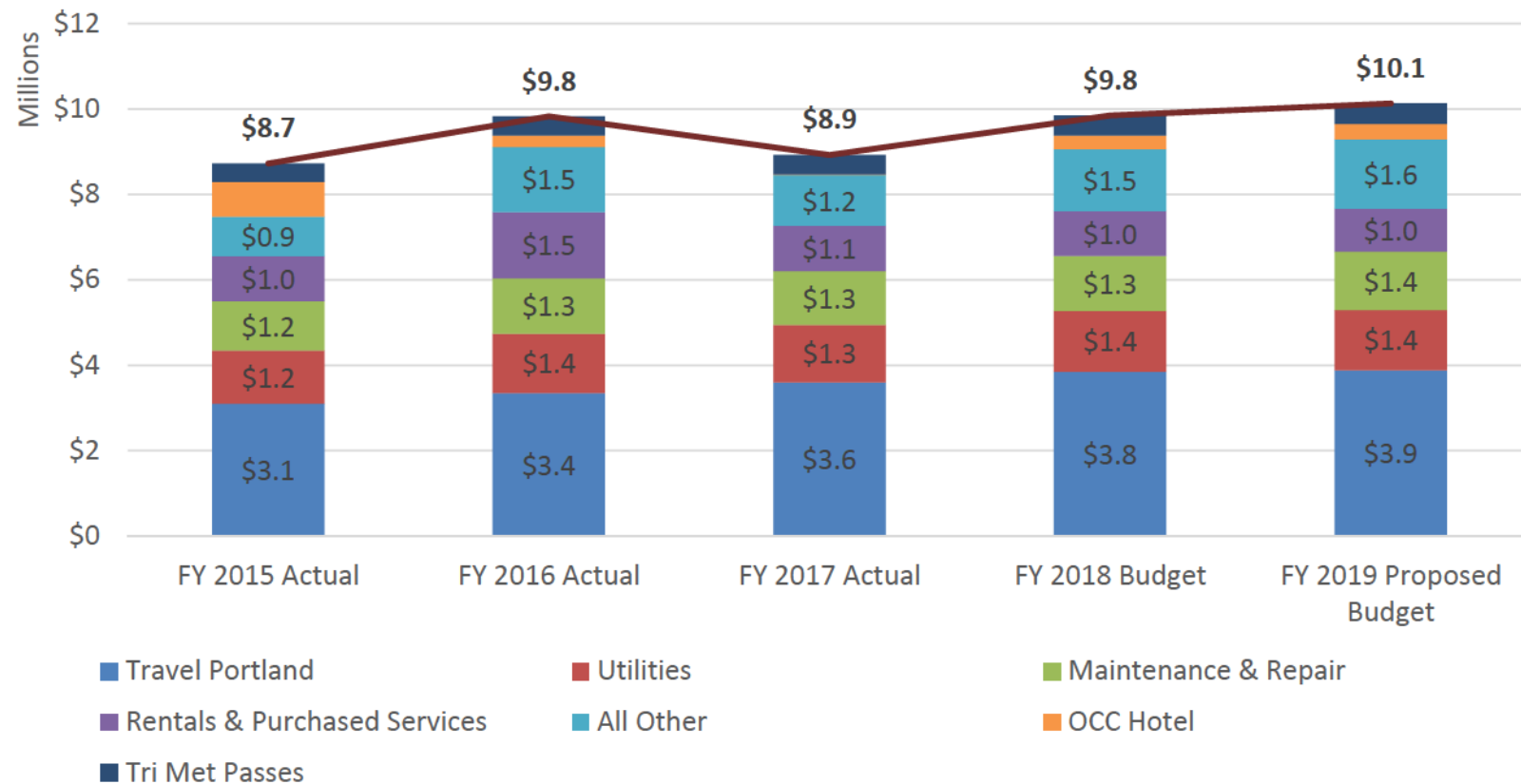
Oregon Convention Center
Operating Expenses
\$41.3 million



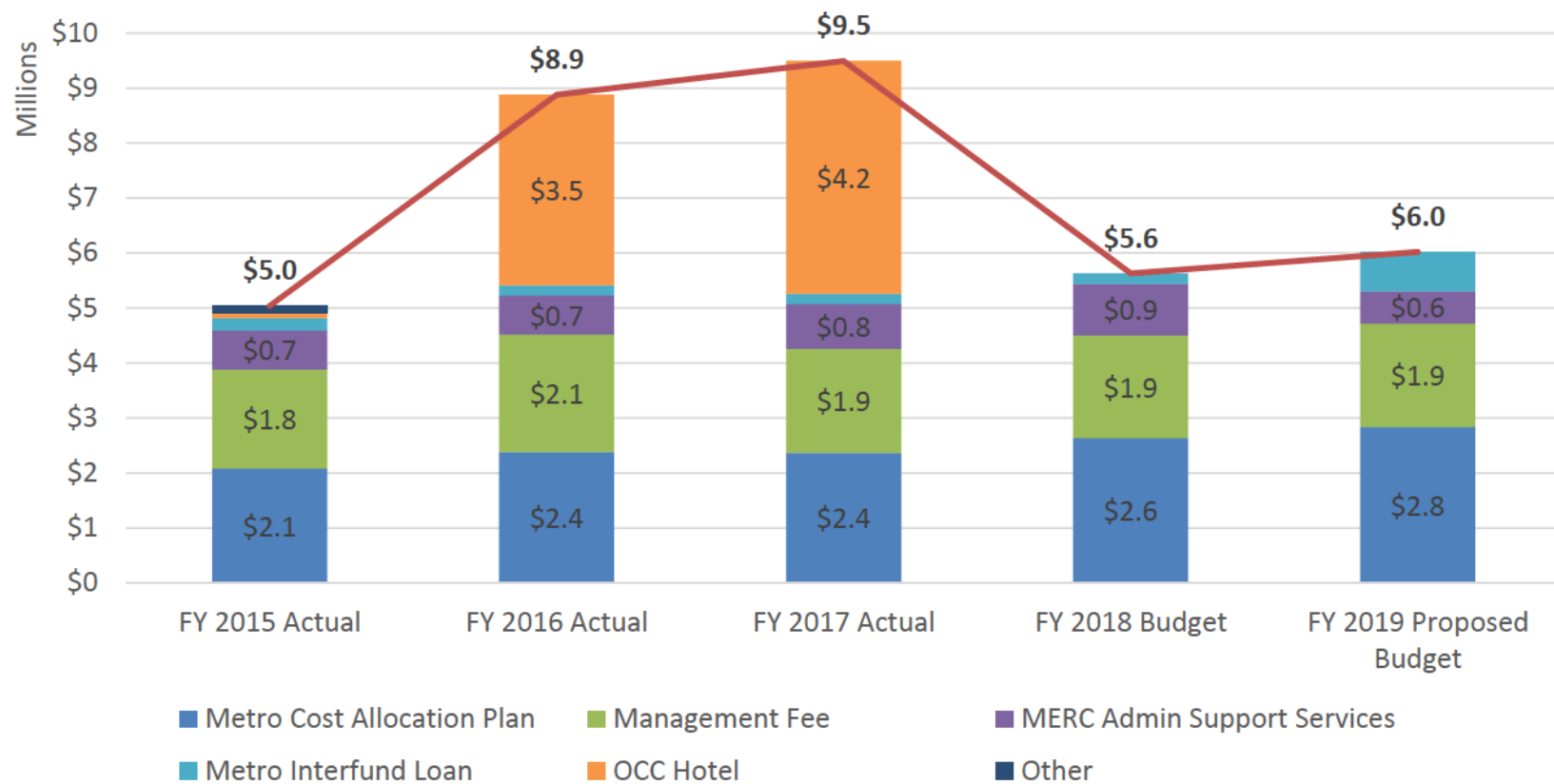
OCC Personnel Costs



OCC Materials & Services



OCC Transfers



OCC New Requests

Sales Coordinator

- Proposed cost: \$67,000

Ambassador Program

- Proposed cost: \$149,000

Portland Expo Center

Budget Priorities

- Drive revenues
- Generate broad support for Expo
- Staff development
- Capital projects
- Long-term partnership with Cirque du Soleil
- Expo project

Portland Expo Center

Significant Changes in the Budget

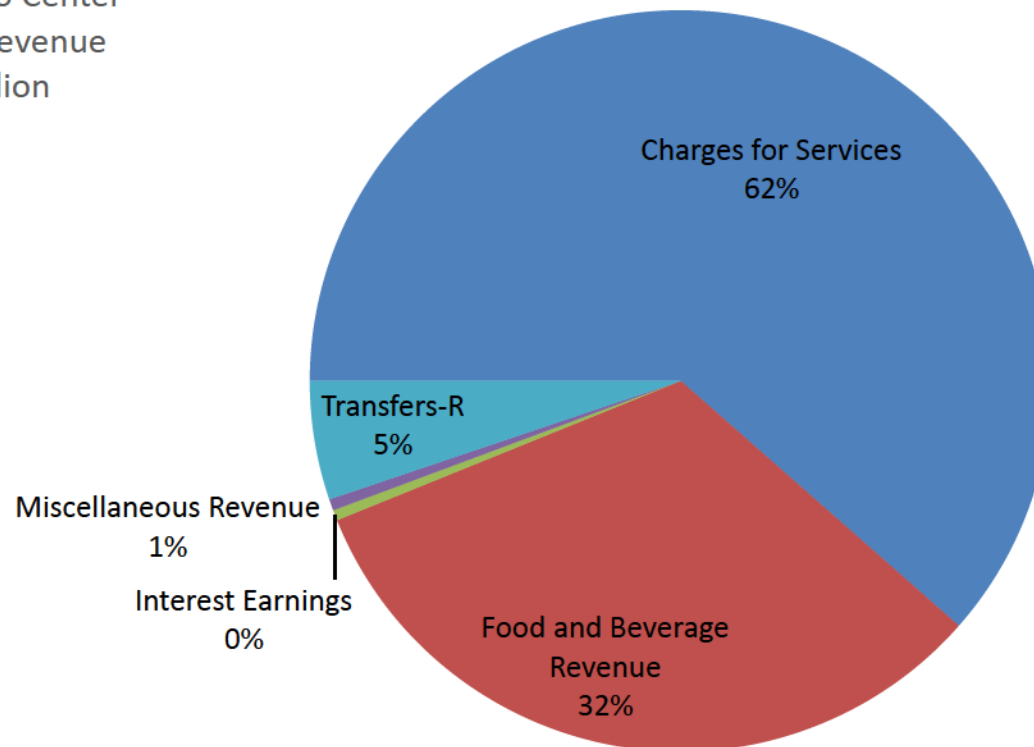
- Cirque du Soleil not scheduled in FY18-19
- Charges for Services revenue flat
- Parking price increase to \$10
- Food & Beverage revenue, \$2.5 million
- General Fund allocation of \$400,000
- MERC Admin support service fee waived
- Materials and Services costs flat
- Excise tax / Management fee

Portland Expo Center

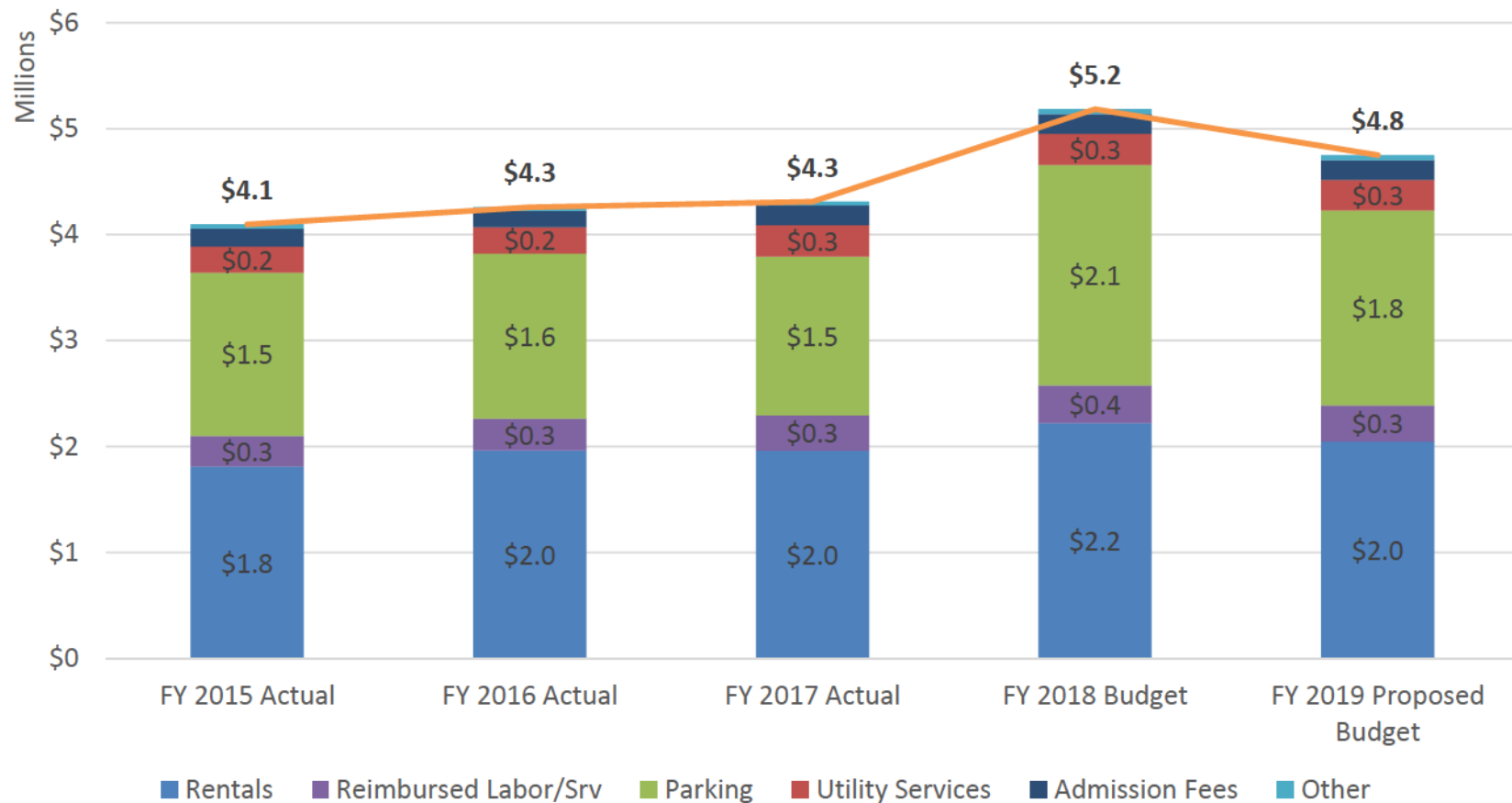
	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS						
Charges for Services	4,311,932	5,185,451	4,750,946	4,750,946	(434,505)	-8%
Food and Beverage Revenue	2,349,531	2,471,019	2,502,702	2,502,702	31,683	1%
Grants	-	-	-	-	-	0%
Interest Earnings	23,030	35,000	35,000	35,000	-	0%
Miscellaneous Revenue	37,525	34,475	38,500	38,500	4,025	12%
Transfers-R	280,000	400,000	400,000	400,000	-	0%
Total Revenues	7,002,018	8,125,944	7,727,148	7,727,148	(398,796)	-5%
Food & Beverage Services	1,841,361	1,908,139	1,991,898	1,991,898	83,759	4%
Materials and Services	1,520,397	1,615,813	1,475,736	1,475,736	(140,077)	-9%
Personnel Services	1,787,490	1,939,455	1,971,970	1,971,970	32,515	2%
Debt Service	1,203,395	1,022,275	1,022,025	1,022,025	(250)	0%
Transfers-E	530,430	647,815	693,773	693,773	45,958	7%
Management Fee	464,753	534,172	463,270	463,270	(70,902)	-13%
Visitor Development Marketing	-	17,160	-	-	(17,160)	-100%
Total Expenditures	7,347,826	7,684,829	7,618,672	7,618,672	(66,157)	-1%
Net Operations	(345,808)	441,115	108,476	108,476	(332,639)	-75%

Expo Revenue

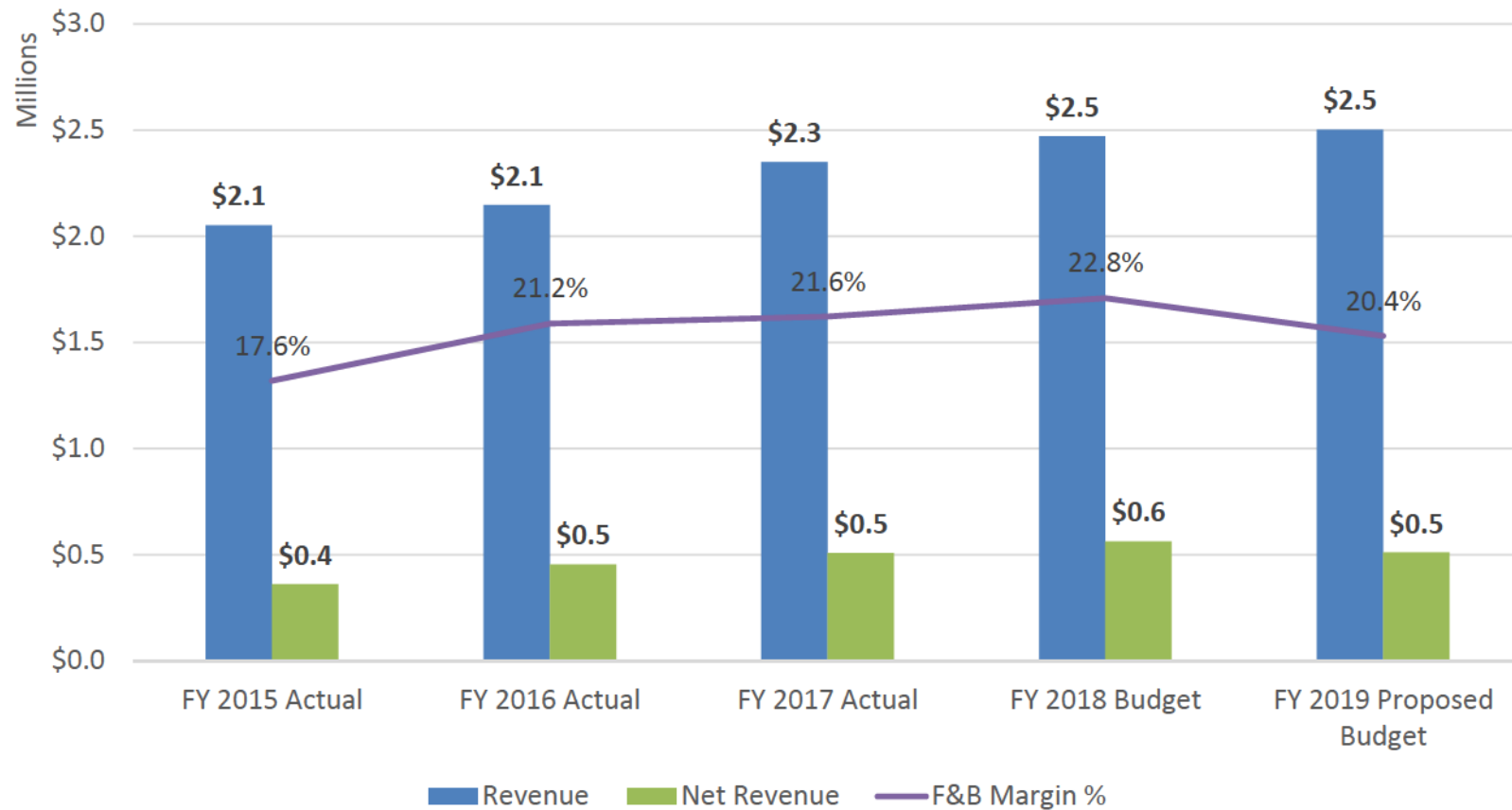
Portland Expo Center
Operating Revenue
\$7.7 million



Expo Charges for Services

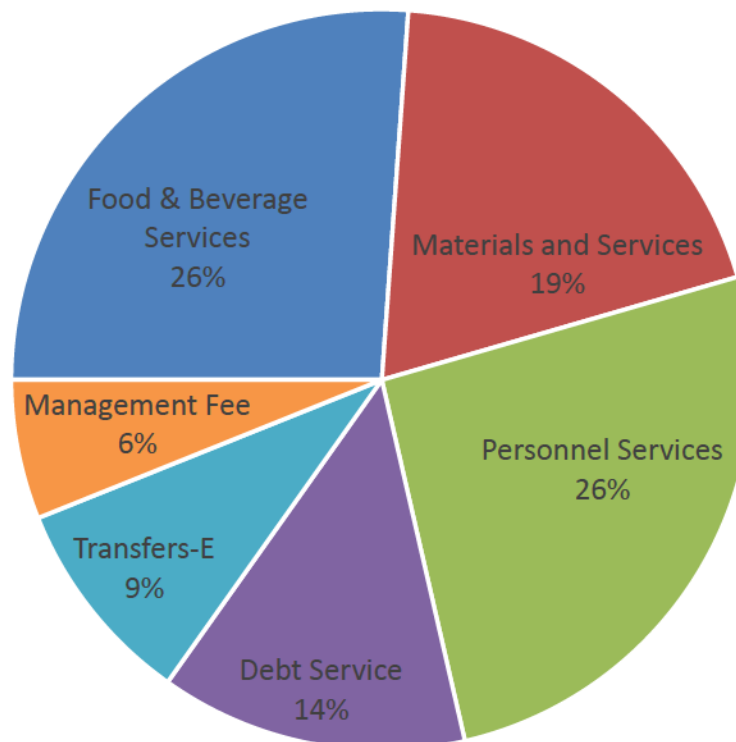


Expo Food & Beverage

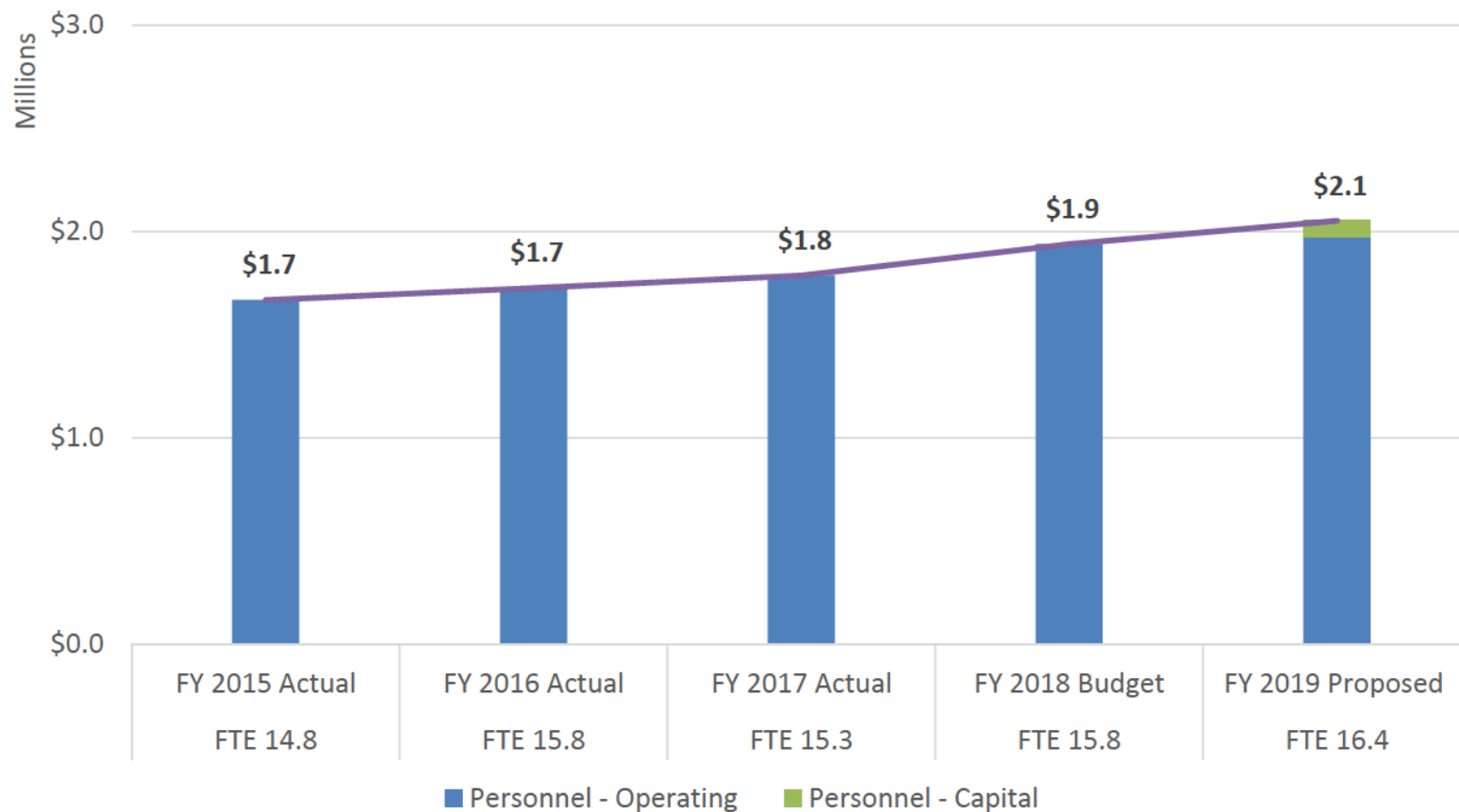


Expo Expense

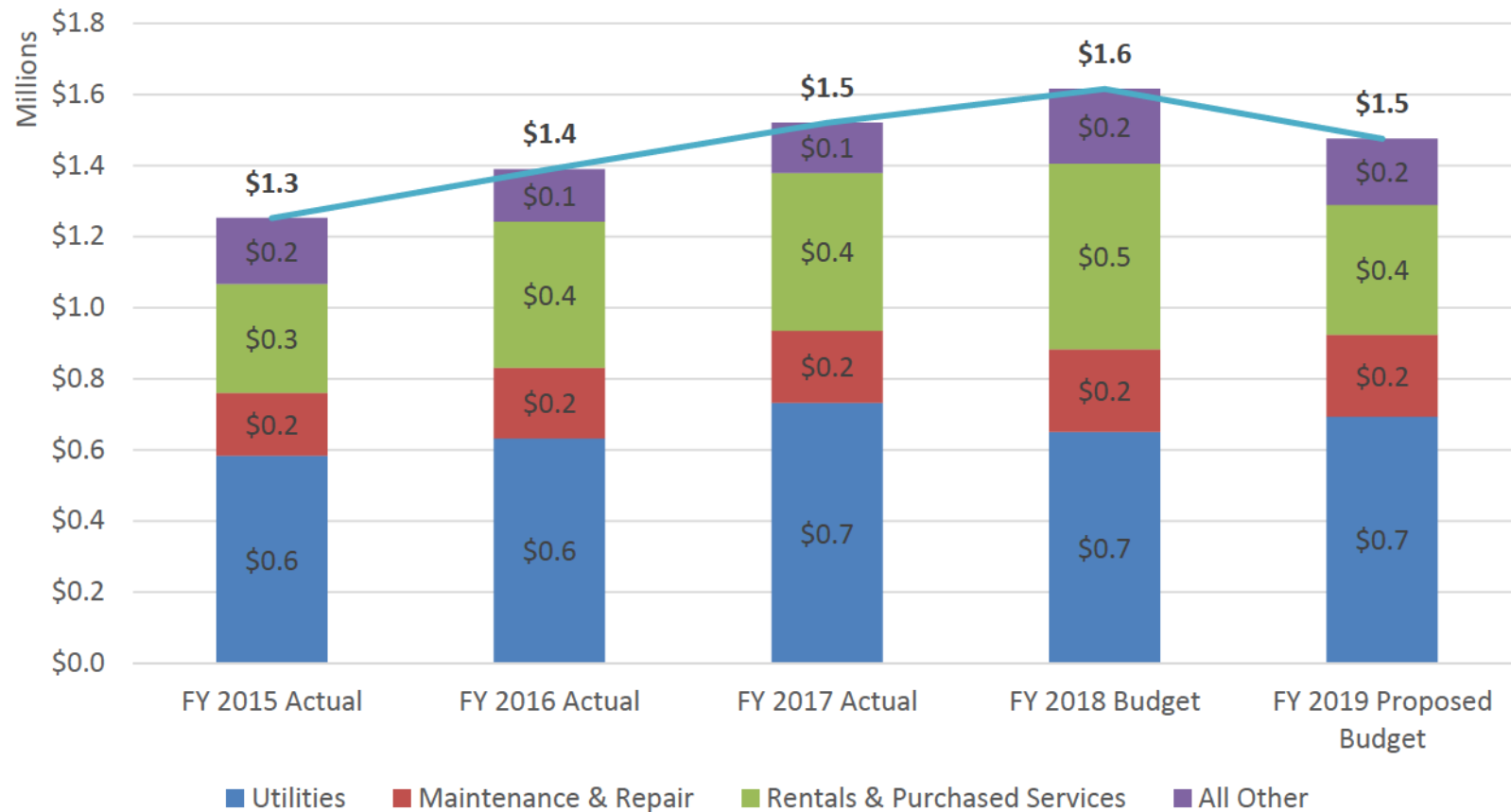
Portland Expo Center
Operating Expenses
\$7.6 million



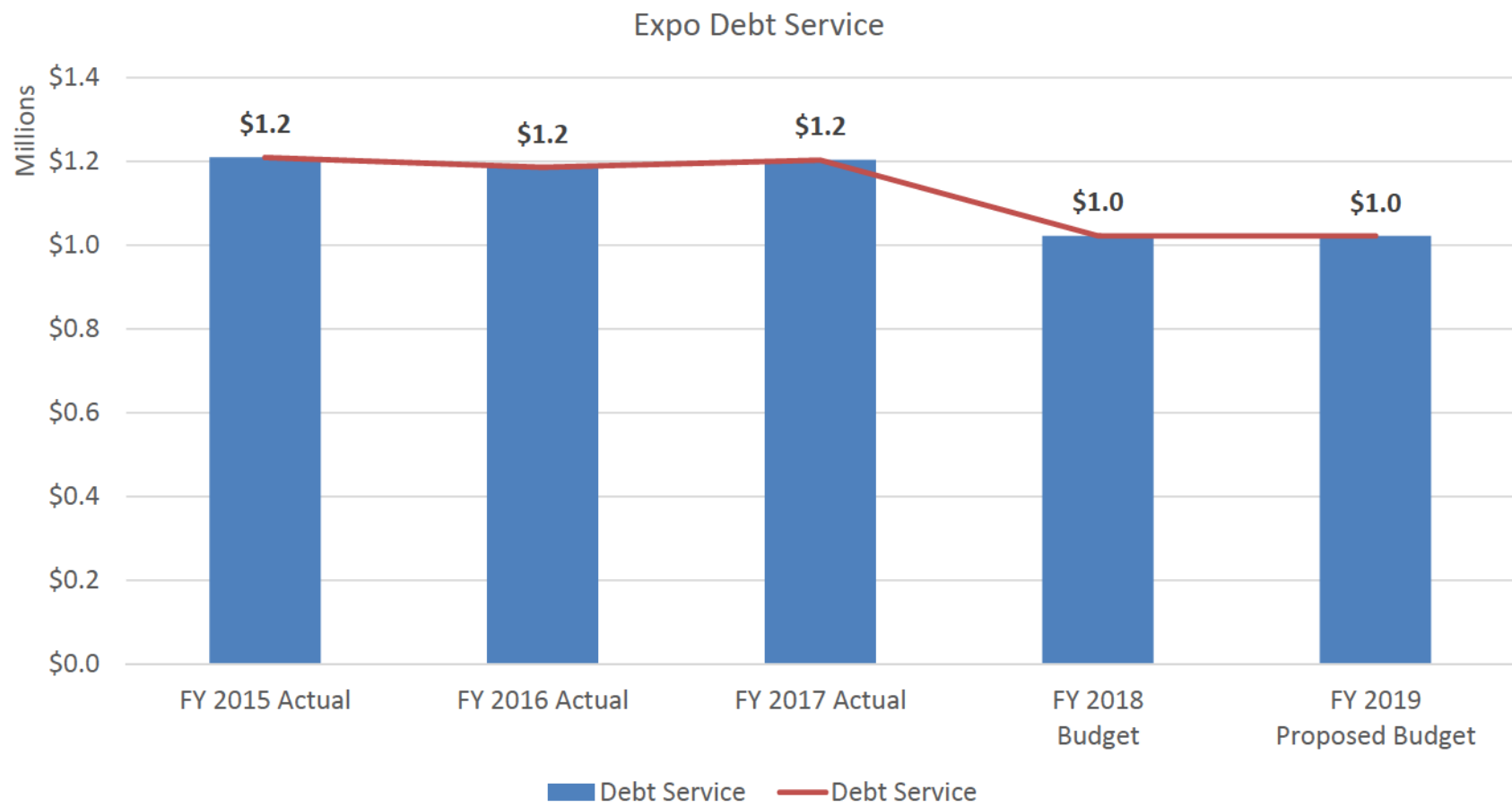
Expo Personnel Costs



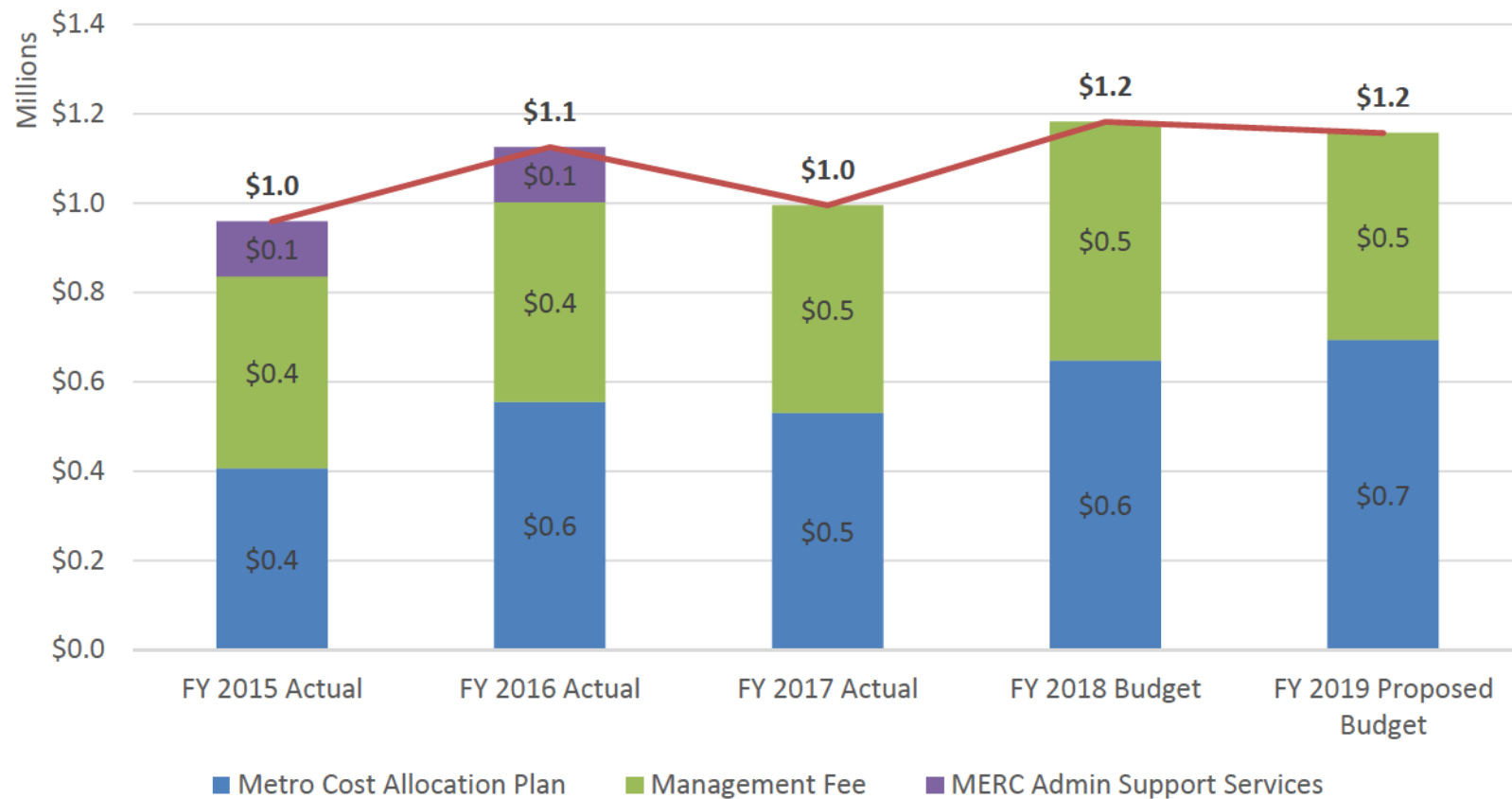
Expo Materials & Services



Expo Debt Service



Expo Transfers



MERC Administration

Budget Priorities

- Expo Project
- Portland'5 Project
- Oversight of OCC Hotel DEI goals
- Goals of March MERC retreat

MERC Administration

Significant Changes in the Budget

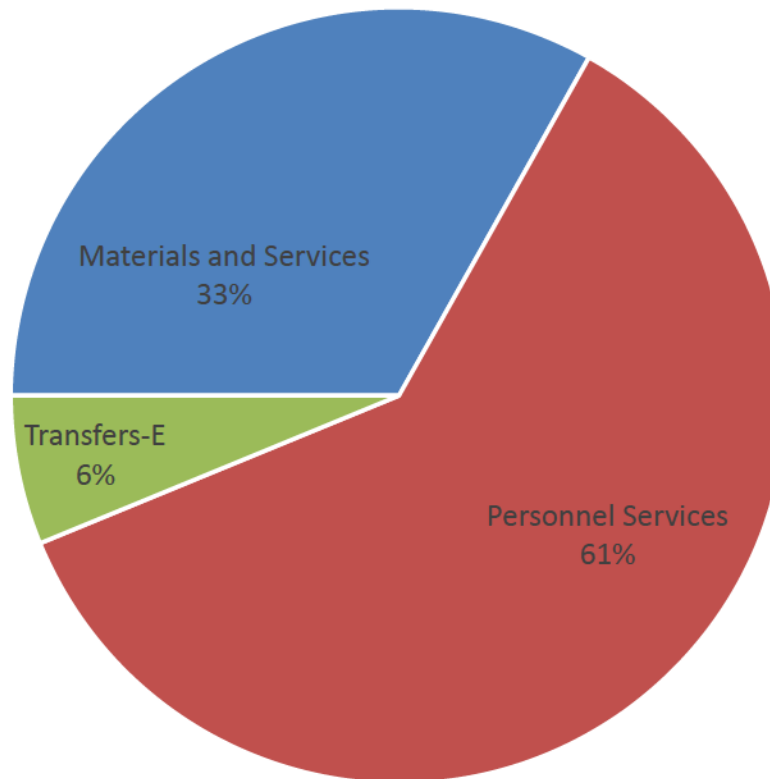
- TLT Pooled Capital received directly by OCC and Expo
- Change in Personnel allocation
- cPMO staff charged directly to venues

MERC Administration

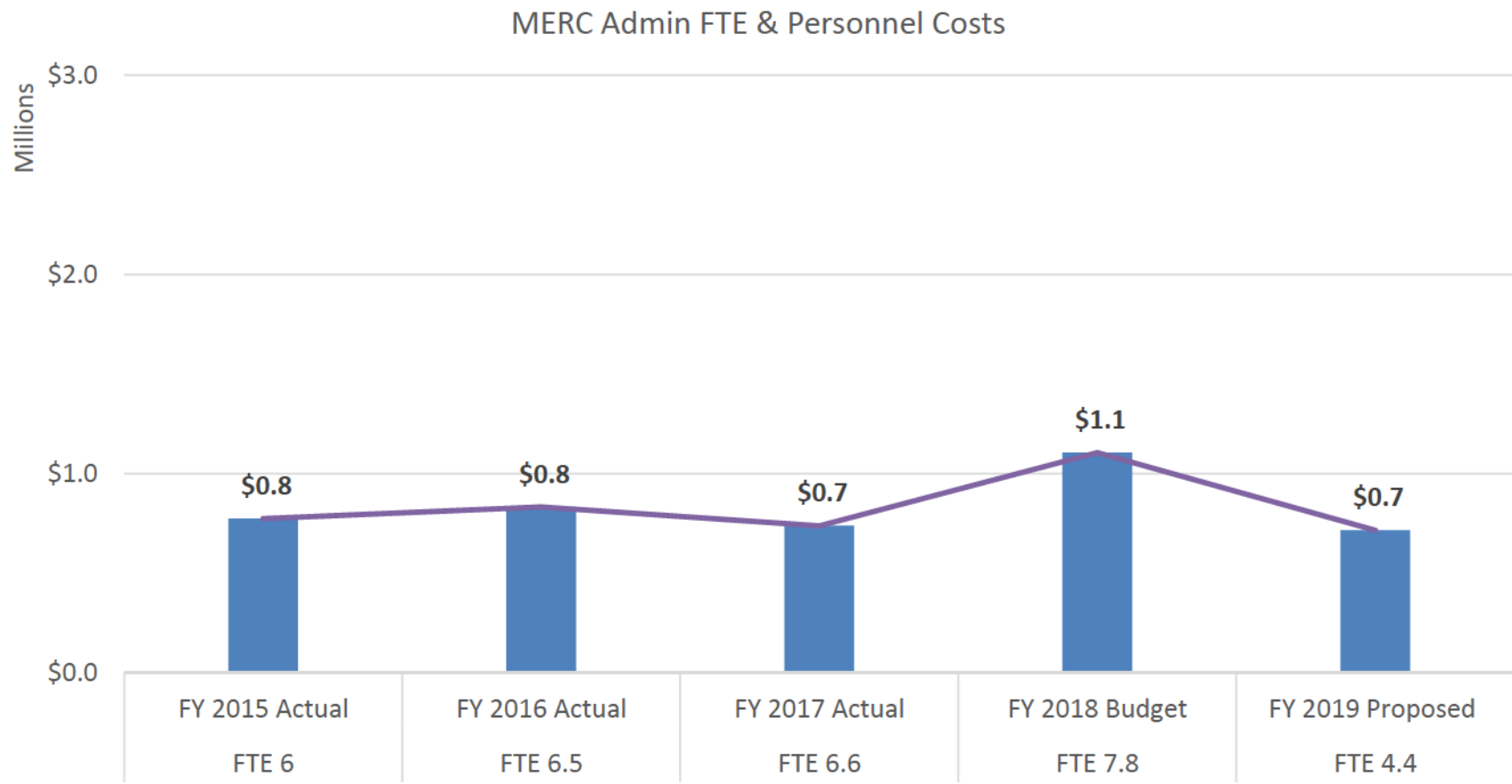
	FY 2017 Actual	FY 2018 Budget	FY 2019 Base Budget	FY 2019 Proposed Budget	FY18-FY19 Var \$	FY18-FY19 Var %
OPERATIONS						
Interest Earnings	115,094	50,000	130,798	130,798	80,798	162%
Transfers-R	1,250,977	1,424,152	880,389	880,389	(543,763)	-38%
Total Revenues	1,366,071	1,474,152	1,011,187	1,011,187	(462,965)	-31%
Materials and Services	326,269	538,385	391,184	391,184	(147,201)	-27%
Personnel Services	737,859	1,105,485	715,616	715,616	(389,869)	-35%
Transfers-E	33,850	7,725	73,267	73,267	65,542	848%
Total Expenditures	1,097,977	1,651,595	1,180,067	1,180,067	(471,528)	-29%
Net Operations	268,094	(177,443)	(168,880)	(168,880)	8,563	-5%

MERC Admin Expense

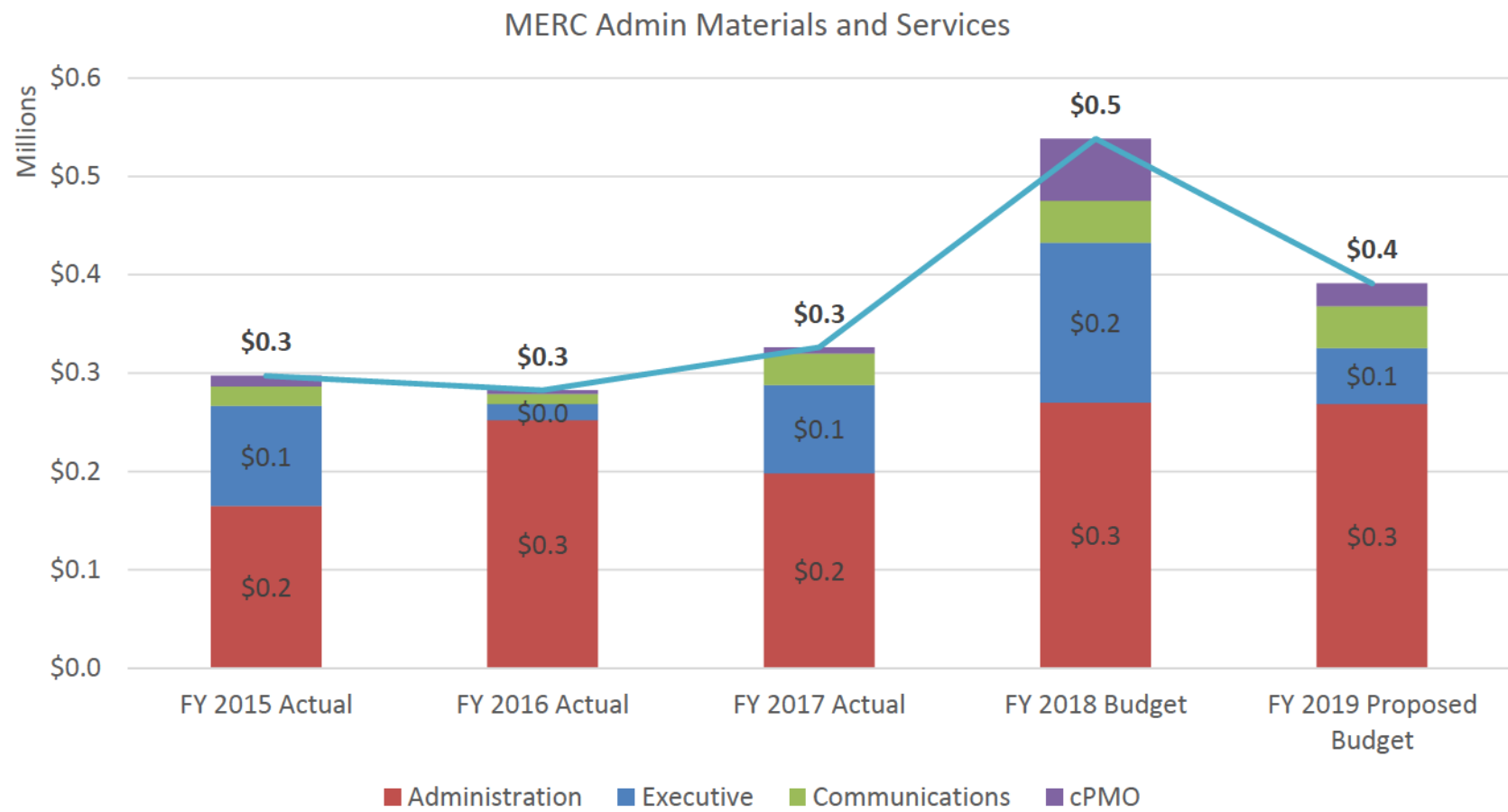
MERC Administration
Operating Expenses
\$1.2 million



MERC Admin Personnel Costs



MERC Admin Materials & Services



MERC Commission Budget Process



Date	Meeting / Action	
November 1, 2017	MERC Commission Meeting - Budget Retreat	✓
January 24, 2018	Budget Committee Meeting - Capital	✓
February 12, 2018	Budget Committee Meeting - Operations	✓
March 7, 2018	MERC Commission Meeting - Budget Presentation	
April 12, 2018	Metro Council Meeting - Budget Proposal	

Thank You
oregonmetro.gov



Metropolitan Exposition Recreation Commission
Record of MERC Budget Committee Meeting
February 12, 2018
Metro Regional Center, Room 301

Present:	Karis Stoudamire-Phillips, Deidra Krys-Rusoff, Dañel Malán
Staff:	Rachael Lembo, Heather Back, Scott Cruickshank, Margie Helton, Robyn Williams, Craig Stroud, Matthew P. Rotchford, Tim Collier
1.0	A meeting of the Metropolitan Exposition Recreation Commission Budget Committee was called to order by Chair Deidra Krys-Rusoff at 3:03 p.m. Krys-Rusoff welcomed the group to the meeting and provided comments about the goals for the day.
2.0	MERC Finance Manager, Rachael Lembo, spoke briefly providing background on the venues' operating budgets.
3.0	<p>PORTLAND'S CENTERS FOR THE ARTS</p> <ul style="list-style-type: none"> • P'5 Executive Director, Robyn Williams presented the Operations Budget for the venue. • Krys-Rusoff inquired about the Metro management fee. Lembo responded that Metro charges an excise tax to cover costs accrued by Council and Metro that apply to venue management. • Krys-Rusoff asked about the increased FTE requests. Williams explained that some are replacements for positions lost in prior years. She added that she is very thoughtful about adding positions because each must be sustainable. Krys-Rusoff inquired if the positions help increase venue revenue. Williams responded by explaining the need and benefit for each added position. • Lembo went through the various graphs explaining the operations budget. <p>OREGON CONVENTION CENTER</p> <ul style="list-style-type: none"> • OCC Executive Director, Craig Stroud, presented the venue's operations budget. • Lembo went through the various graphs and charts explaining OCC's operations budget. <p>EXPO CENTER</p> <ul style="list-style-type: none"> • Expo Executive Director, Matthew P. Rotchford, presented the venue's operations budget to the committee. Lembo explained the various graphs explaining the budget in more depth. • Krys-Rusoff inquired of each director whether they had any requests that, if funded, could increase revenues. Rotchford responded that Expo has discussed adding an admin tech part-time position. Williams responded that she feels P'5 is funding everything necessary right now and that her staff has fine-tuned its budgeting over the years. Stroud noted that there may be an opportunity for exhibitor food-related services which will most likely happen in approximately one year otherwise his team is satisfied with this budget. • Krys-Rusoff noted that the budgets look a little more aggressive both on the capital and operating sides and added that she feels it is an improvement. • Malán inquired about the food service provider at the venues and whether its service could be improved. Cruickshank explained how the current contractor works with the venues and noted that the contract will expire in June of 2019. Although there was general agreement that the current provider is doing a good job, a new RFP will be issued making change a possibility.

	<p>MERC ADMIN</p> <ul style="list-style-type: none"> • Lembo presented the MERC Admin operations budget.
3.0	<p>COMMISSION PROCESS REVIEW</p> <p>Lembo walked through the remainder of the budget process.</p> <ul style="list-style-type: none"> • Krys-Rusoff noted that Lembo will prepare the budget transmittal memo before presenting it to the committee for their comments. <p>The meeting ended at 4:35 p.m.</p>