
MERC Commission Budget Committee Meeting

February 18, 2011
9:00 am – 11:00 am

Oregon Convention Center
OCC King Board Room
777 NE Martin Luther King Jr.
Blvd.



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

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Metro | *Exposition Recreation Commission*

Agenda

Meeting: MERC Commission Budget Committee Meeting
Date: Friday, February 18, 2011
Time: 9:00 a.m. – 11:00 a.m.
Place: OCC King Board Room (south end of OCC)
Oregon Convention Center

1. Overview (Dresler) 9:00 am
2. Review Venues' Revised Budgets and Reductions (Hill/Dresler) 9:10 am
 - Oregon Convention Center
 - Portland Center for the Performing Arts
 - Portland Expo Center
3. Discuss Content of Recommendation by Budget Committee to MERC Commission (Dresler/Hammerstad) 10:00 am
 - Approve the MERC fiscal year 2011-2012 budget and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the fiscal year 2011-2012.
 - Approve the MERC Reserve Policy.
 - Approve the rental rate increases for the PCPA and the Expo.
 - Approve the re-designation of the Phase III construction user fee for operations and making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy.
 - Recommend that OCC finance the Street Care LID assessment and directs the Metro Chief Operating Officer to work with the Metro Council on financing options.
4. Vote on Recommendation to MERC Commission 10:30 am
5. Other Business 10:45 am

Table of Contents

Itemized Changes to the Budget Since February 2nd Meeting	1
MERC Budget Statement	2
Portland Expo Center	3
Oregon Convention Center	4
Portland Center for Performing Arts	5
Administration	6
Transient Lodging Tax	7-8
Five Year Capital Plan	9-13
Draft Resolution	14-15
Draft Reserve Policy	16-19

**Itemized Changes to the Budget Since February 2nd Meeting
February 18, 2011**

	Portland Exposition Center	Oregon Convention Center	Portland Center for the Performing Arts	Administration	Total MERC Fund
Revenues					
Transient Lodging Tax (TLT) assumption (5% 10/11 & 6% 11/12)		111,340	4,411		115,751
Revenue City of Portland Contractual Support			8,311		8,311
Pepsi Sponsorship - New Contract	11,550	12,950	10,500	-	35,000
Total Revenue	11,550	124,290	23,222	-	159,062
Venues/Other Expenditure Reductions					
Operations Position - Maintenance & Construction Supervisor			(93,606)		(93,606)
HR Training				(1,000)	(1,000)
Total Venue Expenditure Reductions	-	-	(93,606)	(1,000)	(94,606)
Metro COO Changes					
PERS Bond Recovery	(30,204)	(180,920)	(112,004)	(35,790)	358,918
Health Insurance-Opt Out Account to offset \$600 per FTE	(7,980)	(66,180)	(28,680)	(10,200)	(113,040)
Eliminate Other Salary Adjustments	(3,747)	(16,216)	(2,859)	(7,049)	(29,871)
Reduce Merit Pool from 3% to 1%	(15,631)	(62,414)	(39,701)	(14,983)	(132,729)
Re-organize MERC Construction Department-Metro Project Management Office				(66,272)	(66,272)
Reduce Cola from 1.5% to 1% (Represented Metro Employees)				(2,052)	(2,052)
Administration Direct Support	(16,861)	(104,914)	(65,571)		(187,346)
Metro Support Services/Risk	(6,995)	(44,318)	(28,177)		(79,490)
Management Consulting - Comp Study				(50,000)	(50,000)
Total Metro COO Reductions	(81,418)	(474,962)	(276,992)	(186,346)	(301,882)
Other Changes					
Policy Analyst Personal Services reclassified to Direct Transfer				(77,884)	(77,884)
Policy Analyst Transfer to COO Office General Fund				77,884	77,884
PERS Reserve - COO Decision to transfer total Reserve to General Fund	(176,464)	(1,004,018)	(603,584)	(174,739)	(1,958,805)
Equity Transfer to Metro General Fund	176,464	1,004,018	603,584	174,739	1,958,805
Phase 3 Reclassification	(1,309,038)				(1,309,038)
Increase New Capital Business Strategy less FY 11-12 contribution	1,166,038				1,166,038
Total Other Changes	(143,000)	-	-	-	(143,000)
Summary					
Total Increased Revenue	11,550	124,290	23,222		159,062
Total Decreased Expenditures	(224,418)	(474,962)	(370,598)		(1,069,978)
Net Increase to Fund Balance	235,968	599,252	393,820		1,229,040

Total Visitor Venues (MERC Fund)

	Actual 2008-09	Actual 2009-10	Budget 2010-11	Budget 2011-12
Operations				
Revenues & Transfers				
Operating Revenue	18,508,377	17,199,328	18,481,869	18,626,251
Food & Beverage Revenue	11,562,005	12,564,711	11,813,716	11,735,662
Grants	8,075	190,976	26,925	
Lodging Tax	8,584,071	8,232,013	8,584,072	9,162,230
Visitor Development Initiative	1,656,753	1,251,279	1,556,753	1,567,708
Enhanced Marketing (VDI)	417,728	413,896	417,728	425,397
Investments	585,316	170,773	235,523	122,806
Local Government	734,709	766,100	756,907	784,320
Miscellaneous Revenue	20,211	82,521	32,325	34,926
Transfers In	758,083	0	0	0
Total Revenues and Transfers	42,835,328	40,871,597	41,905,818	42,459,300
Expenditures & Transfers				
Personal Services	17,507,657	16,800,139	17,989,676	17,774,107
Goods & Services	7,418,362	7,310,187	8,218,095	7,831,035
Food & Beverage Goods & Services	9,774,387	10,516,100	9,422,641	9,305,371
Non Operating - Expense	2,506	2,780	2,500	2,500
National Sales Contract	3,037,088	3,058,257	3,037,090	3,067,917
Metro Support Services	1,798,662	1,837,172	1,993,186	2,164,856
Metro Risk Management	560,556	481,672	499,311	741,765
Transfers Out				88,708
Debt	17,548	136,362		
Total Expenditures and Transfers	40,116,766	40,142,669	41,162,499	40,976,259
Net Increase/(Decrease) Operations	2,718,562	728,928	743,319	1,483,041
Fund Equity Transfers				
Transfers to General Fund - PERS Reserve				1,958,805
Transfers Out	1,192,232	1,176,632	1,189,132	1,188,632
Net Decrease Equity Transfers	(1,192,232)	(1,176,632)	(1,189,132)	(3,147,437)
Capital				
Revenues & Transfers				
Grants	0	0	652,592	0
Contributions from Private Sources	257,665	224,620	442,000	350,000
Capital Contribution	0	2,000,000	0	0
Transfers from General Fund - MTOCA	0	187,252	475,000	480,000
Total Revenues and Transfers	257,665	2,411,872	1,569,592	830,000
Expenditures & Transfers				
Capital Outlay	1,234,782	1,493,865	5,199,105	1,351,000
Total Expenditures and Transfers	1,234,782	1,493,865	5,199,105	1,351,000
Net Increase/(Decrease) Capital	(977,117)	918,007	(3,629,513)	(521,000)
BUDGET Beginning Balance			27,089,539	23,014,203
Ending Fund Balance			23,014,213	20,828,807
Components of Ending Fund Balance				
Operating Contingency			1,913,463	2,299,335
New Capital & Business Strategy Contingency				5,330,777
Renewal & Replacement Contingency			270,000	
Capital Contingency (Lodging Tax)			269,310	
Renewal & Replacement Reserve			1,785,000	12,578,195
Current Year PERS Reserve			360,277	
Stabilization Reserve				620,500
Prior Year PERS Reserve			1,631,545	0
Designated for Phase 3 Reserve			1,237,232	0
Unrestricted/Undesignated Ending Fund Balance			15,547,386	0
Total Ending Fund Balance			23,014,213	20,828,807

Portland Exposition Center

	Actual 2008-09	Actual 2009-10	Budget 2010-11	Budget 2011-12
Operations				
Revenues & Transfers				
Operating Revenue	3,730,742	3,454,746	3,766,945	3,876,866
Food & Beverage Revenue	1,847,803	1,625,859	1,934,927	2,039,798
Investments	109,354	30,754	53,932	22,731
Transfers In	1,194			
Total Revenues and Transfers	5,689,094	5,111,359	5,755,804	5,939,395
Expenditures & Transfers				
Personal Services	1,483,747	1,373,100	1,501,164	1,527,826
Goods & Services	1,151,306	1,047,253	1,430,635	1,205,746
Food & Beverage Goods & Services	1,475,214	1,299,303	1,473,430	1,486,495
MERC Admin	291,027	238,284	243,775	196,106
Metro Support Services	169,466	183,718	179,387	194,837
Metro Risk Management	76,354	72,467	75,038	85,947
Total Expenditures and Transfers	4,647,113	4,214,126	4,903,429	4,696,957
Net Increase/(Decrease) Operations	1,041,981	897,233	852,375	1,242,438
Fund Equity Transfers				
Transfers to General Fund - PERS Reserve				176,464
Transfers to Debt Service Fund Expo Hall D	1,192,232	1,176,632	1,189,132	1,188,632
Net Decrease Equity Transfers	(1,192,232)	(1,176,632)	(1,189,132)	(1,365,096)
Capital				
Revenues & Transfers				
Capital Contribution		325,000		
Total Revenues and Transfers	0	325,000	0	0
Expenditures & Transfers				
Capital Outlay	173,682	145,933	492,000	275,000
Total Expenditures and Transfers	173,682	145,933	492,000	275,000
Net Increase/(Decrease) Capital	(173,682)	179,067	(492,000)	(275,000)
Beginning Balance			5,644,984	4,816,217
Ending Fund Balance			4,816,227	4,418,559
Components of Ending Fund Balance				
Operating Contingency			250,000	364,000
New Capital & Business Strategy Contingency				2,943,559
Renewal & Replacement Contingency			20,000	
Renewal & Replacement Reserve			60,000	925,000
Current Year PERS Reserve			30,056	
Stabilization Reserve				186,000
Prior Year PERS Reserve			148,219	0
Designated for Phase 3 Reserve			1,237,232	0
Unrestricted/Undesignated Ending Fund Balance			3,070,720	0
Total Ending Fund Balance			4,816,227	4,418,559

Oregon Convention Center

	Actual 2008-09	Actual 2009-10	Budget 2010-11	Budget 2011-12
Operations				
Revenues & Transfers				
Operating Revenue	7,397,241	7,638,067	7,900,301	7,708,519
Food & Beverage Revenue	7,796,996	9,008,750	8,412,150	7,999,999
Grants	0	3,375	0	
Lodging Tax	7,322,474	7,331,261	7,322,474	8,237,270
Visitor Development Initiative	1,060,000	660,000	960,000	960,000
Enhanced Marketing (VDI)	417,728	413,896	417,728	425,397
Investments	219,088	57,367	99,351	35,608
Miscellaneous Revenue	4,893	25,000		10,000
Transfers In - (08-09 MTOCA \$746,144 HQH)	752,592	0	0	0
Total Revenues and Transfers	24,971,013	25,137,716	25,112,004	25,376,793
Expenditures & Support Transfers				
Personal Services	8,313,524	8,422,409	8,923,956	9,118,406
Goods & Services	3,807,260	3,397,571	3,736,343	3,627,246
Food & Beverage Goods & Services	6,656,463	7,556,973	6,679,602	6,465,900
Non Operating - Expense	6	3		
National Sales Contract	3,037,088	3,058,257	3,037,090	3,067,917
MERC Admin	1,571,548	1,286,740	1,516,822	1,220,215
Metro Support Services	1,019,117	992,072	1,116,184	1,212,319
Metro Risk Management	312,944	274,083	283,621	397,366
Total Expenditures and Support Transfers	24,717,950	24,988,108	25,293,618	25,109,369
Net Increase/(Decrease) Operations	253,063	149,608	(181,614)	267,424
Fund Equity Transfers				
Transfers to General Fund - PERS Reserve				1,004,018
Debt	17,548	136,362		
Net Decrease Equity Transfers	(17,548)	(136,362)	0	(1,004,018)
Capital				
Revenues & Transfers				
Grants			626,291	
Capital Contribution		1,350,000		
Transfers from General Fund - MTOCA	0	187,252	475,000	480,000
Total Revenues and Transfers	0	1,537,252	1,101,291	480,000
Expenditures & Transfers				
Capital Outlay	669,397	994,583	3,638,105	726,000
Total Expenditures and Transfers	669,397	994,583	3,638,105	726,000
Net Increase/(Decrease) Capital	(669,397)	542,669	(2,536,814)	(246,000)
BUDGET Beginning Balance			11,426,052	8,707,624
Ending Fund Balance			8,707,624	7,725,030
Components of Ending Fund Balance				
Operating Contingency			1,066,623	1,540,000
New Capital & Business Strategy Contingency				599,251
Renewal & Replacement Contingency			250,000	
Capital Contingency (Lodging Tax)			269,310	
Renewal & Replacement Reserve			725,000	5,325,779
Current Year PERS Reserve			182,678	
Stabilization Reserve				260,000
Prior Year PERS Reserve			835,202	0
Unrestricted/Undesignated Ending Fund Balance			5,378,811	0
Total Ending Fund Balance			8,707,624	7,725,030

Portland Center for the Performing Arts

	Actual 2008-09	Actual 2009-10	Budget 2010-11	Budget 2011-12
Operations				
Revenues & Transfers				
Operating Revenue	7,345,035	6,068,817	6,781,123	7,040,866
Food & Beverage Revenue	1,917,205	1,930,102	1,466,639	1,695,865
Grants	8,075	187,601	26,925	
Lodging Tax	1,261,598	900,752	1,261,598	924,960
Visitor Development Initiative	596,753	591,279	596,753	607,708
Investments	212,784	78,537	73,601	60,080
Local Government	734,709	766,100	756,907	784,320
Contributions from Private Sources	0	0	0	0
Miscellaneous Revenue	15,318	18,387	17,325	24,926
Transfers In	4,297			
Total Revenues and Transfers	12,095,774	10,541,573	10,980,871	11,138,725
Expenditures & Transfers				
Personal Services	5,352,700	5,096,747	5,606,405	5,605,736
Goods & Services	2,032,996	2,455,342	2,345,518	2,414,723
Food & Beverage Goods & Services	1,642,709	1,659,824	1,269,609	1,352,976
Non Operating - Expense	2,500	2,777	2,500	2,500
MERC Admin	1,047,699	857,827	948,014	762,635
Metro Support Services	610,079	661,382	697,615	757,700
Metro Risk Management	171,258	135,122	140,652	258,452
Transfers Out				10,824
Total Expenditures and Transfers	10,859,941	10,869,020	11,010,313	11,165,546
Net Increase/(Decrease) Operations	1,235,832	(327,447)	(29,442)	(26,821)
Fund Equity Transfers				
Transfers to General Fund - PERS Reserve				603,584
Net Decrease Equity Transfers	0	0	0	(603,584)
Capital				
Revenues & Transfers				
Grants - Energy Trust of Oregon			26,301	
Capital Contribution		325,000		
Contributions from Private Sources	257,665	224,620	442,000	350,000
Total Revenues and Transfers	257,665	549,620	468,301	350,000
Expenditures & Transfers				
Capital Outlay	234,101	251,556	967,000	350,000
Total Expenditures and Transfers	234,101	251,556	967,000	350,000
Net Increase/(Decrease) Capital	23,564	298,064	(498,699)	0
Beginning Balance			9,016,013	8,487,872
Ending Fund Balance			8,487,872	7,857,467
Components of Ending Fund Balance				
Operating Contingency			471,840	300,000
New Capital & Business Strategy Reserve				1,787,967
Renewal & Replacement Contingency			0	0
Renewal & Replacement Reserve			1,000,000	5,595,000
Current Year PERS Reserve			105,401	
Stabilization Reserve				174,500
Prior Year PERS Reserve			510,633	0
Unrestricted/Undesignated Ending Fund Balance			6,399,998	0
Total Ending Fund Balance			8,487,872	7,857,467

Administration

	Actual 2008-09	Actual 2009-10	Budget 2010-11	Budget 2011-12
Operations				
Revenues & Transfers				
Operating Revenue	35,359	37,699	33,500	
Investments	44,089	4,115	8,639	4,387
Miscellaneous Revenue		39,135	15,000	
Transfers In				
Total Revenues and Transfers	79,448	80,949	57,139	4,387
Expenditures & Transfers				
Personal Services	2,357,686	1,907,883	1,958,151	1,522,139
Goods & Services	426,801	410,021	705,599	583,320
MERC Admin	(2,910,274)	(2,382,851)	(2,708,611)	(2,178,956)
Transfers to Metro General Fund COO Office				77,884
Total Expenditures and Transfers	(125,787)	(64,947)	(44,861)	4,387
Net Increase/(Decrease) Operations	205,235	145,896	102,000	0
Fund Equity Transfers				
Transfers to General Fund - PERS Reserve				174,739
Net Decrease Equity Transfers	0	0	0	(174,739)
Capital				
Expenditures & Transfers				
Capital Outlay	157,601	101,794	102,000	
Total Expenditures and Transfers	157,601	101,794	102,000	0
Net Increase/(Decrease) Capital	(157,601)	(101,794)	(102,000)	0
BUDGET Beginning Balance			1,002,490	1,002,490
Ending Fund Balance			1,104,490	827,751
Components of Ending Fund Balance				
Operating Contingency			125,000	95,335
Renewal & Replacement Reserve				732,416
Current Year PERS Reserve			42,142	
Prior Year PERS Reserve			137,491	0
Unrestricted/Undesignated Ending Fund Balance			697,857	0
Total Ending Fund Balance			1,002,490	827,751

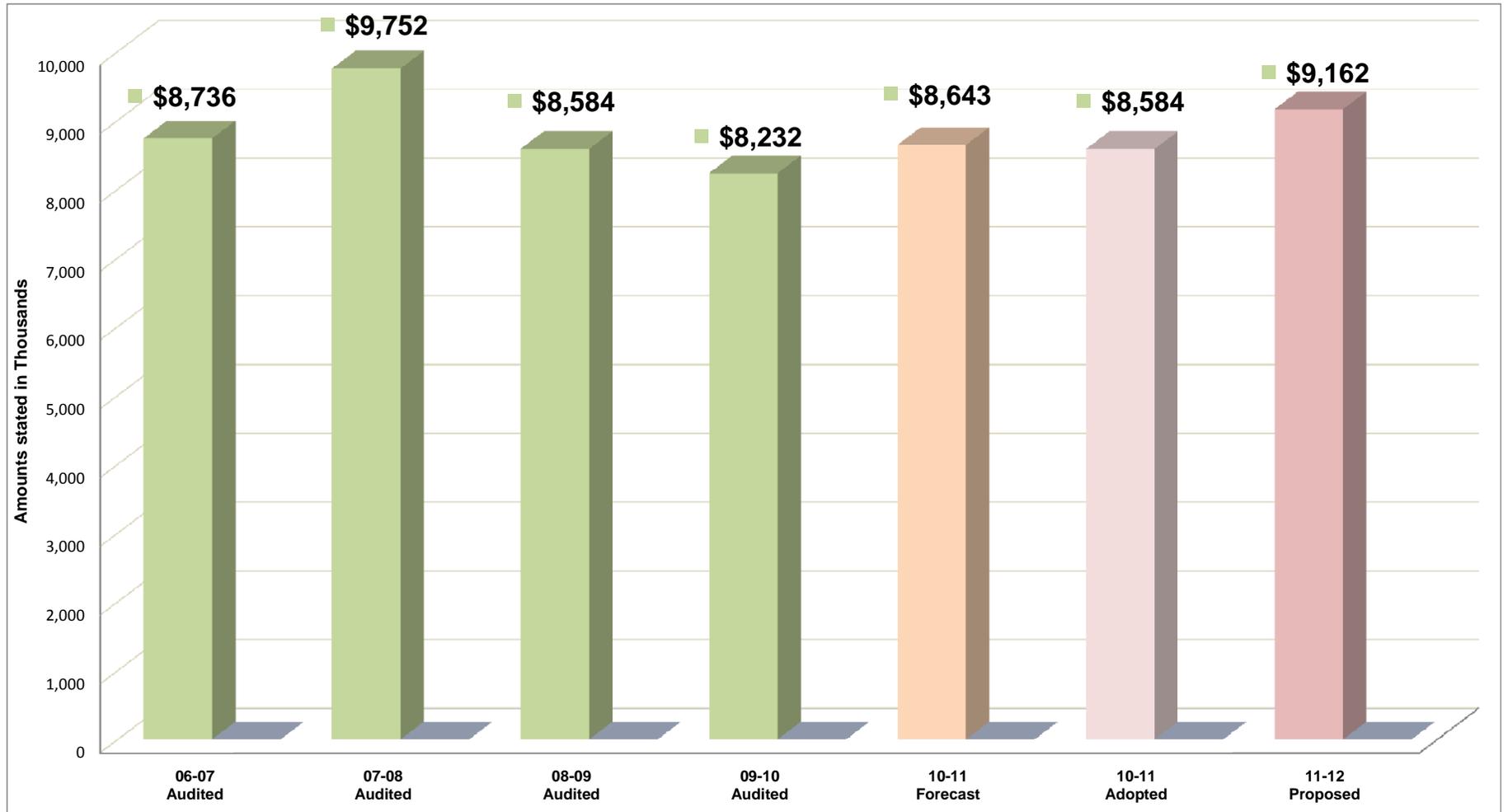
Transient Lodging & Vehicle Rental Taxes

Metro/MERC Distribution

(stated in thousands)	Audited	Audited	Audited	Audited	Forecast	Adopted	Proposed
Transient Lodging /Tax (TLT)	06-07	07-08	08-09	09-10	10-11	10-11	11-12
Oregon Convention Center (OCC)	6,729	7,838	7,322	7,331	7,732	7,322	8,237
Portland Center for Performing Arts (PCPA)	1,391	1,433	1,262	901	911	1,262	925
Capital	616	481					
Total TLT	8,736	9,752	8,584	8,232	8,643	8,584	9,162
Percent change	114%	112%	88%	96%	105%	105%	106%

(stated in thousands)	Audited	Audited	Audited	Audited	Forecast	Adopted	Proposed
Visitor Development Fund (VDF)	06-07	07-08	08-09	09-10	10-11	10-11	11-12
OCC Operations	300	400	1,060	660	960	960	960
Enhanced Marketing (Travel Portland)	386	398	418	413	420	418	425
PCPA	554	563	597	593	601	597	608
Total Metro/MERC VDF	1,240	1,361	2,075	1,666	1,981	1,975	1,993

Transient Lodging Tax



Visitor Venues (MERC Fund) - February 18, 2011

Five Year Capital Plan FY 2011-12 through FY 2015-16

<i>Description</i>	<i>Project Type</i>	<i>Funding Source</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
OREGON CONVENTION CENTER (OCC)							
<i>OCC FY 2011-12</i>							
Electrical Sub Metering	New Capital/Sustainability	MTOCA Funds	200,000				
Plaza Issues	Health and Safety	TLT Capital Funds	90,000				
Phone Bank Retrofit Project	New Capital	TLT Capital Funds	32,000				
Handicap Lift Purchase	New Capital	TLT Capital Funds	30,000				
Escalator Cleaning Machine	New Capital	TLT Capital Funds	73,000				
Genie Roundabout High Lift	New Capital	TLT Capital Funds	21,000				
Recycling containers Purchase for Ex Halls	New Capital	MTOCA Funds	50,000				
Permanent Automatic AV Screens in all Meeting Rooms	Revenue Generating	MTOCA Funds	195,000				
Cooling Tower-Process Loop Project	New Capital/Sustainability	MTOCA Funds	35,000				
<i>OCC FY 2012-13</i>							
Renovate Skyview Terrace & VIP B Suite	New Capital/Business Strategy	Unfunded		250,000			
Original Building Roof Replacement	Renewal & Replacement	Renewal & Replacement Reserve		1,800,000			
Teledata Upgrade VOIP	Renewal & Replacement	Renewal & Replacement Reserve		90,000			
Construct Operations Office and Add Additional Conference Meeting Space	New Capital/Business Strategy	Unfunded		1,350,000			
Riding Sweeper/Scrubber	Renewal & Replacement	Renewal & Replacement Reserve		35,000			
Rest Room Handicap Door Operators	Health & Safety	MTOCA Funds		40,000			
Install Electronic Swipe Locking System for Meeting & Ballrooms	New Capital/Business Strategy	Unfunded		300,000			
Replace Tile Floor in All Restrooms in Original Bldg.	Renewal & Replacement	Renewal & Replacement Reserve		300,000			
Oregon Ballroom Renovation	Renewal & Replacement/New	Renewal & Replacement Reserve		1,000,000			
<i>OCC FY 2013-14</i>							
Carpet Replacement	Renewal & Replacement	Renewal & Replacement Reserve			1,700,000		
Upgrade all Meeting Room and Ballroom signage to Video Screens	New Capital	Unfunded			250,000		
Replace Meeting Room Chairs-3000	Renewal & Replacement	Renewal & Replacement Reserve			400,000		
Change out Radio system to Digital per the FCC Requirement	Renewal & Replacement	Renewal & Replacement Reserve			250,000		
Purchase AV Equipment	Renewal & Replacement	Renewal & Replacement Reserve			100,000		
Public Circulation Furniture (Lobby Areas)	New Capital	Unfunded			250,000		
Brew Pub Construction	New Capital	MTOCA Funds			600,000		

Visitor Venues (MERC Fund) - February 18, 2011

Five Year Capital Plan FY 2011-12 through FY 2015-16

<i>Description</i>	<i>Project Type</i>	<i>Funding Source</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
<i>OCC FY 2014-15</i>							
Replace 2 out of three Boilers	Renewal & Replacement	Renewal & Replacement Reserve				425,000	
Concrete Polishing	Renewal & Replacement	Renewal & Replacement Reserve				375,000	
Bleacher Replacement	Renewal & Replacement	Renewal & Replacement Reserve				2,000,000	
Replace 2 of the 4 Chiller Units	Renewal & Replacement	Renewal & Replacement Reserve				550,000	
LEED Project work for Re-Certification	Sustainability	MTOCA Funds				300,000	
<i>OCC FY 2015-16</i>							
Exterior Security Bollards (or Planters)	Renewal & Replacement	Renewal & Replacement Reserve					60,000
Elevator 18 Car and Rail Rework	Renewal & Replacement	Renewal & Replacement Reserve					850,000
Replace Folding Padded Chairs	Renewal & Replacement	Renewal & Replacement Reserve					400,000
<i>Total Oregon Convention Center</i>			<i>726,000</i>	<i>5,165,000</i>	<i>3,550,000</i>	<i>3,650,000</i>	<i>1,310,000</i>

PORTLAND CENTER FOR PERFORMING ARTS (PCPA)							
<i>PCPA FY 2011-12</i>							
Keller Lighting Console	Renewal & Replacement	Renewal & Replacement Reserve/Foundation	60,000				
Winnigstad Theatre Dimmer System	Renewal & Replacement	Renewal & Replacement Reserve/Foundation	85,000				
Arlene Schnitzer Roof Completion	Renewal & Replacement	Renewal & Replacement Reserve/Foundation	75,000				
Arlene Schnitzer Concert Hall & Hatfield HVAC Controls Replacement	Renewal & Replacement	Renewal & Replacement Reserve/Foundation	130,000				
<i>PCPA FY 2012-13</i>							
Newmark & Wiinningstad Sound Reinforcement Amplifiers	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		22,000			
Sound Reinforcement Monitors and Amplifiers-all facilities	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		15,000			
Newmark Dimmer System	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		140,000			
Banquet Chairs	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		16,000			
Exterior Folding Chairs	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		7,000			
Keller Roof	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		500,000			
Phone System-partial	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		50,000			
Newmark Reupholster Seating	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		50,000			
Keller Stage Floor	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		150,000			
AHH Marquee	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		TBD			

Visitor Venues (MERC Fund) - February 18, 2011

Five Year Capital Plan FY 2011-12 through FY 2015-16

<i>Description</i>	<i>Project Type</i>	<i>Funding Source</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
Keller Auditorium Wood Paneling	Renewal & Replacement	Renewal & Replacement Reserve/Foundation		TBD			
<i>PCPA FY 2013-14</i>							
Keller Fore Stage Lift	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			500,000		
Arlene Schnitzer Cooling Tower	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			110,000		
Newmark Sound Reinforcement Main Speakers	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			70,000		
Arlene Schnitzer Concert Hall Masking	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			25,000		
Hatfield Hall ADA Upgrades	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			15,000		
Keller ADA Upgrades	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			15,000		
Newmark Stage Floor	Renewal & Replacement	Renewal & Replacement Reserve/Foundation			100,000		
<i>PCPA FY 2014-15</i>							
Keller Dimmer System	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				275,000	
AHH ATM Machine	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				50,000	
Hatfield Passenger Elevators	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				300,000	
ASCH Passenger Elevators	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				300,000	
AHH Boiler	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				150,000	
Keller A/V-flat screens, FOH/BOH camera feed	New Capital	PCPA Foundation				100,000	
Hatfield Symphony Chairs	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				10,000	
ASCH follow spots	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				30,000	
Theatrical Lighting	Renewal & Replacement	Renewal & Replacement Reserve/Foundation				125,000	
<i>PCPA FY 2015-16</i>							
Keller Auditorium Masking	Renewal & Replacement	Renewal & Replacement Reserve/Foundation					30,000
Keller Followspots	Renewal & Replacement	Renewal & Replacement Reserve/Foundation					30,000
Genie Lifts-3 lifts between buildings (20K each)	Renewal & Replacement	Renewal & Replacement Reserve/Foundation					60,000
AHH Roof	Renewal & Replacement	Renewal & Replacement Reserve/Foundation					250,000
AHH Staircase	Health & Safety	Renewal & Replacement Reserve/Foundation					TBD
Total Portland Center for Performing Arts			350,000	950,000	835,000	1,340,000	370,000

* Propose Renewal & Replacement Reserve as the funding source for R & R Projects and PCPA will annually request funding from the PCPA Foundation

Visitor Venues (MERC Fund) - February 18, 2011

Five Year Capital Plan FY 2011-12 through FY 2015-16

<i>Description</i>	<i>Project Type</i>	<i>Funding Source</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
PORTLAND EXPO CENTER (Expo)							
<i>Expo FY 2011-12</i>							
Structural Issue Hall E	Renewal & Replacement	Renewal & Replacement Reserve	100,000				
Portable bleacher replacement (2 units)	Renewal & Replacement	Renewal & Replacement Reserve	80,000				
Hall E lobby and meeting room carpet replacement	Renewal & Replacement	Renewal & Replacement Reserve	45,000				
Parking Lot Asphalt maintenance and/or removal/replacement	Renewal & Replacement	Renewal & Replacement Reserve	50,000				
<i>Expo FY 2012-13</i>							
Group of Lighting	Renewal & Replacement	Renewal & Replacement Reserve		25,000			
Portable bleacher replacement (2 units)	Renewal & Replacement	Renewal & Replacement Reserve		80,000			
Sweeper Scrubber Combination	Renewal & Replacement	Renewal & Replacement Reserve		35,000			
Static Reader Board	Renewal & Replacement	Renewal & Replacement Reserve		30,000			
Roof Repair	Renewal & Replacement	Renewal & Replacement Reserve		10,000			
Parking Lot Asphalt maintenance and/or removal/replacement	Renewal & Replacement	Renewal & Replacement Reserve		50,000			
Sign Tower	Renewal & Replacement	Renewal & Replacement Reserve		15,000			
<i>Expo FY 2013-14</i>							
Portable bleacher replacement (2 units)	Renewal & Replacement	Renewal & Replacement Reserve			80,000		
JLG Boom Lift	Renewal & Replacement	Renewal & Replacement Reserve			40,000		
Hall D Lobby and Mtg. Rm. Carpet	Renewal & Replacement	Renewal & Replacement Reserve			45,000		
Parking Lot Asphalt maintenance and/or removal/replacement	Renewal & Replacement	Renewal & Replacement Reserve			50,000		
<i>Expo FY 2014-15</i>							
Portable bleacher replacement (2 units)	Renewal & Replacement	Renewal & Replacement Reserve				80,000	
Komatsu Forklift	Renewal & Replacement	Renewal & Replacement Reserve				22,000	
Hall A Lobby Carpet	Renewal & Replacement	Renewal & Replacement Reserve				20,000	
Roof Repair	Renewal & Replacement	Renewal & Replacement Reserve				5,000	
Parking Lot Asphalt maintenance and/or removal/replacement	Renewal & Replacement	Renewal & Replacement Reserve				50,000	
<i>Expo FY 2015-16</i>							
Group of Lighting	Renewal & Replacement	Renewal & Replacement Reserve					200,000
Hyster Forklift	Renewal & Replacement	Renewal & Replacement Reserve					22,000

Visitor Venues (MERC Fund) - February 18, 2011
Five Year Capital Plan FY 2011-12 through FY 2015-16

<i>Description</i>	<i>Project Type</i>	<i>Funding Source</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>
Portable bleacher replacement (2 units)	Renewal & Replacement	Renewal & Replacement Reserve					80,000
Parking Lot Asphalt maintenance and/or removal/replacement	Renewal & Replacement	Renewal & Replacement Reserve					50,000
Meridian Phone System	Renewal & Replacement	Renewal & Replacement Reserve					100,000
Total Portland Expo Center			275,000	245,000	215,000	177,000	452,000

Total Visitor Venues (MERC Fund)			1,351,000	6,360,000	4,600,000	5,167,000	2,132,000
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METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 11-07

Approving the Metropolitan Exposition Recreation Commission ("MERC") 2011-2012 Budget, the MERC Reserve Policy, Rental Rate increases for the Portland Center for the Performing Arts ("PCPA") and the Portland Metropolitan Exposition Center ("Expo"), Re-Designation of the Phase Three Expo Master Plan User Fee and recommending the payment of the Oregon Convention Center ("OCC") Street Car LID through financing by Metro.

WHEREAS, pursuant to Section 6.01.50 of the Metro Code, MERC must prepare and approve a budget by resolution and;

WHEREAS, the MERC Budget Committee has met in public meetings for the purpose of creating the MERC 2011-2012 budget and recommends approval of the budget attached as Exhibit A to this Resolution and;

WHEREAS, the MERC Budget Committee has reviewed the MERC Reserve Policy attached as Exhibit B to this Resolution and recommends its approval to the Commission and;

WHEREAS, the MERC Budget Committee has included rental rate increases for the PCPA and the Expo in the MERC 2011-2012 budget and recommends the increases attached as Exhibit C, and;

WHEREAS, the MERC Budget Committee as part of the budget process reviewed the user fees for the Expo and recommends the user fee designated for Phase III construction at the Expo be used for operations and that the existing reserve for Phase III will become part of the new Capital/Business Strategy Reserve pursuant to new MERC Reserve Policy; and

WHEREAS, since the timing of the Street Car LID assessment is not clear, the MERC Budget Committee recommends that OCC finance the Street Car LID assessment and work with the Metro Council on financing options.

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

1. Approves the MERC fiscal year 2011-2012 budget attached as Exhibit A and transmits it to the Metro Chief Operating Officer for submission to the Metro Council for inclusion in the Metro budget for the fiscal year 2011-2012;
2. Approves the MERC Reserve Policy attached as Exhibit B;
3. Approves the rental rate increases for the PCPA and the Expo in accordance with Exhibit C;
4. Approves the re-designation of the Phase III construction user fee for operations and making the existing reserve part of the new Capital/Business Strategy Reserve pursuant to the new MERC Reserve Policy; and

5. Recommends that OCC finance the Street Care LID assessment and directs the Metro Chief Operating Officer to work with the Metro Council on financing options.

Passed by the Commission on March 2, 2011.

Approved as to Form:
Daniel B. Cooper, Metro Attorney

Chair

Secretary/Treasurer

By: _____
Nathan A. Schwartz Sykes, Senior Attorney

DRAFT



Metro | Memo

Date: Wednesday February 16, 2011
To: MERC Budget Commission
Commissioner Judie Hammerstad, Chair
Commissioner Chris Erickson
Commissioner Cynthia Haruyama
From: Reserves Project Team
Subject: Draft Recommendation to the MERC Commission

To complete the Reserves project, we are recommending the following:

1. MERC Budget Committee approves the designation of reserves categories and initial funding for FY 2011-12.

This becomes part of the budget resolution and proposed budget.

2. MERC Budget Committee Chairperson transmit brief summary of the recommendation.

Staff has drafted a proposed memo (attached), subject to the final outcome of the February 18th budget committee meeting. We will work with Chair Hammerstad to finalize the memo.

3. MERC Budget Committee transmits to MERC Commission the Reserves Study final report for independent review by Commissioners.

The full report memorializes the work of the reserves project team and provides a full record of how the empirical work was completed. We do not expect to present this to the Commission, but any commissioner could access the work for understanding of the Budget Committee's recommendation.



Metro | Memo

Date: to be determined
 To: MERC Budget Commission
 From: MERC Budget Committee
 Judie Hammerstad, Chair
 Subject: Reserves Recommendation

The Budget Committee, at the request of the MERC Commission, has reviewed the work of the Reserves Project Team. Following discussions with the project team, the Metro Chief Operating Officer, the General Manager of Visitor Venues and the MERC venue directors, we are recommending that designated reserves be included in the MERC proposed budget for FY 2011- 12, consistent with Metro’s financial policies, and that the Commission review the reserve targets as part of the annual budget process.

RECOMMENDATION SUMMARY

Reserve Type	Description	Significant Findings
Restricted	Established to satisfy external obligations. currently: Expo Phase 3 PERS Reserves	Expo Phase 3 can be classified for capital or business strategy. PERS reserve will follow Metro direction; current direction is to use accumulated reserves to relieve annual PERS bond payments.
Working Capital	Provides liquidity to cover timing differences between payables and receipts.	Not required. Utilize Metro’s resources for working capital rather than setting aside a portion of the MERC fund balance for this purpose. The cost of this strategy is minimal, and frees up \$3.95 million for renewal and replacement.
Contingency	Annual operating “insurance”; provides funds to cover unexpected, within-year revenue shortfalls or cost spikes; there if you need it, but you don’t plan to spend from it. There is a direct trade-off between risk and the size of the operating contingency: the smaller the reserve, the higher the risk and vice versa.	Consistent with current contingency plan. Sized for a “10 year event”: there is a chance the reserve would be completely exhausted once every decade. Appropriated and available for spending during the year by budget amendment; requires both resolution of Commission and Metro ordinance.

Reserve Type	Description	Significant Findings
Stabilization	<p>The source of funds to replenish the operating contingency the year following a revenue or cost shock, thereby avoiding the need to dip into the next year’s budget to fund the operating contingency.</p>	<p>The operating contingency and stabilization reserve together are sized for a major economic disruption spread over more than one year.</p> <p>Recommended because the effects of such shocks are not usually confined to one year for MERC venues. Unappropriated and available only in the succeeding budget year.</p>
Renewal and Replacement	<p>Supports the existing asset base; steady annual deposits to smooth cycles of higher and lower spending. Accumulation reserve, works like savings account, building up with the intention of spending.</p> <p>The greater the initial designation, the smaller the annual contribution and vice versa.</p>	<p>Based on 10-year proforma with 5-year focus (5-year CIP adopted annually). Annual outlays are based on schedules prepared by each venue which will be refined and adjusted over next three years as experience grows. Based on current schedules, additional resources will be needed after Year 5.</p> <p>OCC: TLT capital funds are available for R&R or new capital</p> <p>PCPA: does not consider Friends of PCPA resources which may be source of some part of annual contribution.</p>
New Capital/ Business Strategy	<p>New capital: accumulation reserve; funding source for new capital acquisition; an alternative to borrowing. Uses of funds are governed in principle by a capital plan.</p> <p>Business Strategy: non-recurring costs of pursuing business Strategies, Continuity, and Opportunities Uses of funds are guided in principle by a business or strategic plan.</p>	<p>Overlaps the concept of the “strategic fund balance</p> <p>In this study, the amount available for these reserves is the fund balance that remains after all of the other reserves have been funded. It was outside the scope of this study to determine if this amount is adequate; that finding could emerge in conjunction with development of a business or strategic plan. Recommend that the amount be appropriated and available for spending during the year by budget amendment; requires both resolution of Commission and Metro ordinance.</p>

Attachments

Reserve designation by Venue
Reserves Study Report

Summary of FY 2011-12 Fund Balances and Allocations to Reserves
February 18th Meeting of the Budget Committee

	Expo	OCC	PCPA	Admin	MERC
Projected					
FY 2011-12 Balances**	\$4,418,559	\$7,725,030	\$7,857,467	\$827,751	\$20,828,807
Reserve Targets					
Restricted					
Expo Phase 3	-	-	-	-	-
PERS	-	-	-	-	-
Subtotal	-	-	-	-	-
Contingency					
Working Capital	-	-	-	-	-
Operating Contingency	364,000	1,540,000	300,000	95,335	2,299,335
Stabilization	186,000	260,000	174,500	-	620,500
Subtotal	550,000	1,800,000	474,500	95,335	2,919,835
Accumulation					
Renewal & Replacement	925,000	5,325,779	5,595,000	732,416	12,578,195
New Capital	2,943,559	599,251	1,787,967	-	5,330,777
Business Strategy**					
Subtotal	3,868,559	5,925,030	7,382,967	732,416	17,908,972
Sum of Reserve Targets	\$4,418,559	\$7,725,030	\$7,857,467	\$827,751	\$20,828,807

Note

These figures reflect proposed uses of fund balances in the draft FY 2011-12 budget as of Feb. 18, 2011. The new capital and business strategy figure is the balance remaining after funding other reserves.