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# **MERC Budget Committee Meeting**

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February 8, 2012  
8:00 am

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

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

[www.oregonmetro.gov](http://www.oregonmetro.gov)



## Metro | *Exposition Recreation Commission*

### *Agenda*

Meeting: MERC Commission Budget Committee Meeting  
Date: Wednesday, February 8, 2012  
Time: 8:00 a.m. – 10:30 a.m.  
Place: Oregon Convention Center – King Board Room (south end of facility)

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1. Opening comments (C Erickson/T Dresler) 8:00 am
2. Visitor Development Fund (Cooper) 8:05 am  
(\$800,000 to Bucket #4 in FY13)
3. Expo Center (Rotchford) 8:30 am
  - FY13 proposed base budget narrative
  - FY13 proposed base budget modifications
4. Oregon Convention Center (Totaro) 9:10 am
  - FY13 proposed base budget narrative
  - FY13 proposed base budget modifications
5. Portland Center for the Performing Arts (Williams) 9:50 am
  - FY13 proposed base budget narrative
  - FY13 proposed base budget modifications
6. Other Business



February 8, 2012

TO: Chris Erickson, MERC Budget Committee Chair  
Judie Hammerstad, MERC Budget Committee  
Terry Goldman, MERC Budget Committee

FROM: Daniel B. Cooper, Metro Attorney (soon to be special advisor to the COO)

In spring of 2011, the City of Portland began considering refinancing of the OCC bonds which financed the completion of the OCC. The bonds are paid from VDI revenues (the 2.5 % taxes on transient lodging and rental cars adopted by Multnomah County in 2000).

The refinancing was expected to reduce debt service costs by about \$400,000 annually. This amount would be in excess of existing cash flows and would likely to be added to the reserves of the VDI system and ultimately be available to retire debt after the year 2025 unless a way was found to make them available for current uses. Such a pathway exists in the determination of MERC's annual request for operating support for OCC.

The VDF board conducted a study of possible uses of the funds for enhanced marketing of the OCC. Ultimately the VDF board unanimously approved a recommendation that the \$400,000 be made available for use to reduce the rebate commitment from hotels that agreed to provide substantial room block commitments for future business and for conventions booking during the prime season of April through October. By the time the VDF board acted on the recommendation, the City had completed the refinancing and due to market conditions had actually achieved annual savings in the range of \$850,000 to \$875,000. The VDF board action requested that the entire amount of the savings be made available for OCC marketing enhancements (see attachment). The level of detail for how to decide what uses to put the extra savings to has not yet been developed. Further discussions would need to occur to determine how these funds could be utilized to the greatest impact.

The recommendation can only be implemented if MERC includes the amount in its request for additional operating support for OCC (bucket four request) and then agrees to make the funds available to the VDF through a formal agreement. The current level of this request has been \$960,000. Staff recommends that the Commission increase the request for operating support to include the entire current year savings realized by the refinance (\$ 875,000) and direct staff to develop an agreement with the VDF to provide the mechanism for using this money for mutually agreed enhanced marketing efforts that will support the OCC. As noted in the VDF report, some uses of these funds could be for internal improvements at OCC or to reduce cost to conventions for certain amenities such as Wi-Fi. The agreement should provide for not only the current fiscal year (2012/2013) but also provide for how funds will be allocated for future years.

## **Visitors Development Fund Supplemental Marketing**

Strategy A: **Convention Registration/Housing Costs:**

- Supplemental marketing funds could be available to offset delegate registration and housing costs charged participating citywide hotels and assisting the convention organization in managing multiple hotel primary/sub room blocks, maximize attendance and other basic services in order to secure OCC business.

Strategy B **Transportation Costs:**

- Supplemental marketing funds could be expended to assist with the cost and/or coordination of transportation needs, such as providing TriMet light rail passes from the airport to downtown hotels and/or from waterfront hotels to the convention center in order to secure OCC business.

Strategy C: **Oregon Convention Center Facility Costs:**

- Supplemental marketing funds could provide the ability to offset all or a portion of the Oregon Convention Center other facility costs, such as Wireless Internet services in lobbies, meeting rooms, restaurants and/or Virtual Private Network (VPN) provided to show management in order to OCC secure business.

Strategy D: **Oregon Convention Center Food Service Costs:**

- Supplemental marketing funds could provide the ability to offset all or a portion of the Oregon Convention Center food service costs, such as coffee/water service provided to delegates in lobbies, meeting rooms, restaurants and/ provided to show management in order to OCC secure business.

Strategy E: **Special Promotions:**

- Supplemental marketing funds in collaboration with the Port of Portland could be available to provide signage at the airport (PDX) on the concourses, baggage claim and TSA screening area “Welcoming” delegates on the in-bound and “Thanking Them” on the-out bound for their convention, meeting or tradeshow business. This concept could be extended to meeting planners, association executives, travel writers, tour operators, participating in site visits; or FAM’s in order to secure OCC business.

# VDF Task Force 2 Recommendations

## VDF Supplemental Marketing Criteria

- 800 or greater city wide room nights on peak night
- Oregon Convention Center business
- Prime season – April thru October
- Hotel room rebates not to exceed \$10 when on peak night between 0-49% of hotel inventory is contracted.
- Hotel room rebates not to exceed \$5 when on peak night between 50-74% of hotel inventory is contracted.
- Hotel room rebates waved when on peak night 75% or greater of hotel inventory is contracted.
- Create a Memorandum of Understanding (MOU) with MERC/Metro to move annually \$400k through the Visitors Development Initiative Bucket #4, OCC operating to the Visitors Development Fund for deposit in to the VDF Supplemental Marketing account
- Annually, as part of the OCC Budget, a formal request to transfer the VDF Supplemental Marketing Fund will be presented to the VDF Board of Directors for approval.

**The above criteria does not apply to already booked business, but may be used for existing tentative groups.**

## VDF Other Marketing Initiatives/ Options

- Welcome banners/signage (airport, arrival and departure; street poles; OCC interior)
- Social media services (pre, during, and post)
- Host/sponsor local community service project
- Carbon offsets
- Contribution to an organizations foundation/charity
- Offset air fare costs (checked baggage fees, air fare for VIPs, speakers, etc.)
- Sponsor the costs of a keynote speaker
- Provide convention participants free MAX from PDX to downtown
- Attrition offset/support
- Third Party group commissions
- Host student attendance (registration, and/or air fare and housing)
- Sponsor convention printing costs (agenda, etc.)
- Purchase ads in organization's publications
- Host a board meeting of the organization (air and/or housing and/or meals)
- Convention services items
  - Passkey fees
  - Registration staff
- Welcome amenities for attendees
- Local transportation (busing, limo/town cars for VIPs)
- Decorator cost offsets
- OCC costs
  - Wi-Fi
  - H2O
  - Carpet (for trade show floor meal events)
  - Hosted reception/meal
  - "Green" reports/items

\*Initiatives/Options are not limited to only those suggestions listed above.

<b>*VDF Board Grant Request Criteria</b>			
	<b>Nation Indian Gaming Association</b>	<b>American Astronomical Society</b>	
Preferred Dates	April 3-11, 2014	June 5-14, 2014	
Peak Room Nights	1300	450	
Total Room Nights	4585	1935	
Room Night Rebate	\$ 12.00	\$ 13.00	
Total Funding Needed			
<b>*OCC Rental</b>	<b>\$ 70,125.00</b>	<b>\$ 66,760.00</b>	
<b>*Room Rebate 65% Pick-Up</b>	<b>\$ 35,763.00</b>	<b>\$ 16,351.00</b>	
Room Rebate 100% Pick-Up	\$ 55,020.00	\$ 25,155.00	
<b>*VDF Grant Request</b>	<b>\$ 34,362.00</b>	<b>\$ 50,409.00</b>	
ROI @ 65%	\$ 63.21	\$ 25.99	
<b>*ROI @ 100%</b>	<b>\$ 97.25</b>	<b>\$ 39.98</b>	

<b>Illustration One: Shared Room Rebate</b>			
<b>ROI @ 25:1</b>	\$ 133,664.00	\$ 80,615.20	
Less: Hotels Room Rebate Amt <b>\$5/100% Pick-Up</b>	<b>\$ (22,925.00)</b>	<b>\$ (9,675.00)</b>	
Less: VDF Room Rebate Offset @ <b>100% Pick-Up</b>	\$ (32,095.00)	\$ (13,545.00)	
Less: VDF Grant Request	\$ (15,105.00)	\$ (43,540.00)	
<b>Available VDF Supplemental Marketing</b>	<b>\$ 63,539.00</b>	<b>\$ 13,855.20</b>	

<b>Illustration Two: Increased Rm Blocks "No Rebates</b>			
<b>ROI @ 25:1</b>	\$ 133,664.00	\$ 80,615.20	
Less: VDF Grant Request	\$ (15,105.00)	\$ (50,409.00)	
Less: VDF Room Rebate Offset @ <b>100% Pick-Up</b>	\$ (55,020.00)	\$ (25,155.00)	
<b>Available VDF Supplemental Marketing</b>	<b>\$ 63,539.00</b>	<b>\$ 5,051.20</b>	

<b>Illustration Three: Room Rebates @ 65%</b>			
<b>ROI @ 47:1</b>	\$ 71,097.87	\$ 42,880.43	
Less: VDF Grant Request	\$ (34,362.00)	\$ (50,409.00)	
Less: Room Rebate @ <b>65% Pick-Up</b>	\$ (35,763.00)	\$ (16,351.00)	
<b>Available VDF Supplemental Marketing</b>	<b>\$ 972.87</b>	<b>\$ (23,879.57)</b>	

## Portland Convention Room Block - Hotels over 200 rooms (Central City and Lloyd District only)

<u>HOTEL</u>	<u>TOTAL ROOMS</u>	<u>80% BLOCK</u>	<u>75% BLOCK</u>	<u>65% BLOCK</u>	<u>50% BLOCK</u>
Portland Hilton	782	626	587	508	391
Portland Marriott	503	402	377	327	252
Doubletree Lloyd Center	477	382	358	310	239
The Nines	331	265	248	215	166
The Benson	287	230	215	187	144
Embassy Suites Downtown	276	221	207	179	138
<u>Sub total of largest 6 hotels</u>	<u>2656</u>	<u>2125</u>	<u>1992</u>	<u>1726</u>	<u>1328</u>
Residence Inn Riverplace	258	206	194	168	129
Courtyard City Center	256	205	192	166	128
Marriott City Center	249	199	187	162	125
Crowne Plaza	241	193	181	157	121
<u>Sub total of largest 10 hotels</u>	<u>3660</u>	<u>2928</u>	<u>2745</u>	<u>2379</u>	<u>1830</u>
Monaco Hotel	221	177	166	144	111
Westin	205	164	154	133	103
Courtyard Lloyd Center	202	162	152	131	101
<u>TOTAL (13)</u>	<u>4288</u>	<u>3430</u>	<u>3216</u>	<u>2787</u>	<u>2144</u>

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## **FY 2012-13 Base Budget**

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The Portland Expo Center has recently undergone numerous changes. With an enhanced marketing and communications plan, relevant brand and revitalized website presence, plus some new high-profile events, we feel the Expo Center is positioned to make steady progress in the future. However, these changes are going to take some time to implement and produce results. As requested, the Expo Center staff took all necessary steps and achieved a complete and balanced budget. Upon reflection, we felt our initial enthusiasm outweighed the detail to support such substantive results in less than one year's time. As a result, the budget below reflects modest growth and continued emphasis on fiscally responsible spending measures.

The resulting budget reflects the following assumptions:

- 1) Marketing programs take time to develop and essentially, as our brand identity is being re-worked from the ground up locally and nationally.
- 2) The Expo Center has experienced a continued downturn in attendance over the past three fiscal years. Attendance and events are anticipated to increase modestly with resulting impacts to parking and food and beverage.
- 3) We recognize that the FY12 budget assumed a greater growth index than we are now currently experiencing.
- 4) Management restructuring is underway and in progress. The resulting emphasis towards increased new business sales efforts and support is intended to produce improvements for FY13 and well into the future.
- 5) A change in strategy in relation to the ARAMARK Reserves. We assume full spending of these assets towards improvements based on proven ROI.

- Revenues

- ✓ The number of events is expected to increase from 93 events in FY11 to approximately 104 events in FY13. Ongoing marketing efforts expected to result in new events, expanded markets and meetings.
- ✓ Individual space (exhibit hall/meeting room) rental rates will increase by approximately 3% and combined exhibit hall rental fees will increase by approximately 4% as approved by the MERC Commission in January 2012.
- ✓ Attendance is projected to modestly increase to 420,000, and an approximate \$100,000 increase in rentals from the FY11 actual for rentals of all areas. A slight increase is reflected in the rental of bleachers, equipment and related areas.
- ✓ Parking budget for FY12 was estimated at \$1,644,555. Current actual show only a modest 3% gain. Modified projection for FY13 reflects an adjusted decrease based upon current assumptions.
- ✓ Increased operating revenue through advertising income and website advertising with an estimated net of \$10,000. Advertising opportunities now in place due to new website offerings and interest increasing.
- ✓ FY12 food and beverage revenues were estimated at \$2,039,798. Initial projections show a decrease in FY13 more in line with the actual from both FY10 and FY11 or \$1,824,848.
- ✓ Areas not historically budgeted for, such as Liquidated Damages, Rent-Lobby etc. are included.

- Personal Services

- ✓ Initial budget reflects full and Part-time staffing remaining static at 13.3 FTE.

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## FY 2012-13 Base Budget

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- ✓ Restructuring in FY12 included the following reclassifications:
  - (2) Event Managers to (2) Sr. Acct. Executives
  - (1) Sales and Events Manager (VACANT) to (1) Sales Manager,
  - (1) Asst. Operations Manager to (1) Utility Maintenance Specialist Lead
- ✓ Further adjustments made in FY12 from realized personal services savings include:
  - (2) Event Custodian hires added to the pool with a corresponding reduction in contracted Temporary Labor.
  - (1) Addition of a .25 PT Marketing and Promotions Coordinator for new website support realized from Sale Dept. restructuring.
  - (1) Long awaited filling of VACANT Executive Assistant position.
  - (3) .50 PT Event Managers - .50 labor pool as utilized successfully in Q1 and Q2.  
Additional coverage to allow for re-booking efforts by Sr. Account Executive (.25 Sales)
  - (1) Maintained .50 PT Utility Maintenance Specialist to support lean Operations staff.
- ✓ Proposed additional staffing adds for FY13:
  - (1) .50 PT Operating Engineer per HR advisement.
- Materials & Services
  - ✓ Budget proposes only a small increase of approximately \$32,000 increase over FY11 actual. Standard review of expense spending and limitations has been traditional with current managers.
  - ✓ Slight additions to the Operations budget to encourage staff to purchase some new small equipment.
  - ✓ Reduced marketing advertising line in anticipation of potential carryover from the recently approved budget amendment specific to marketing efforts.
  - ✓ Reduced Portland Police staffing for Gun Shows. Prior year staffing had increased to costs exceeding \$75K. For over 10 years these events have occurred each month without incident. This requirement is adverse to client business models.
  - ✓ Proposed M&S Food & Beverage services are approximately \$50,000 more than budgeted in FY12 in consideration of operation of the West Delta Bar & Grill and new coffee cart concepts.
  - ✓ Utility rate increases were reviewed against historical data as well as rate projections.
  - ✓ The Hall D meeting rooms D202-4 are in need of Lutron dimmers estimated at \$5,000. These were listed under the group of lighting for capital, but have been relocated as an added item for your consideration more appropriately listed under maintenance and repairs.
- Capital Outlay
  - ✓ Current projects underway are all scheduled for completion by June 2012. Hall E Tilt panel repairs planned within timeline with revised approach. Bleacher purchase reviewed and revised with recommendations for purchase prior to fiscal close. Wife project RFP nearing post date. Hall E carpeting plans underway and in discussion with proposed coffee cart scenario for FY13.

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## FY 2012-13 Base Budget

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- ✓ Items listed in the capital request are for \$480,000. This represents \$235,000 in funding from renewal and replacement (roof repairs, asphalt maintenance) and \$245,000 in MERC TLT Pooled Capital (coffee cart, equipment replacement, as well as the electronic reader board).
- ✓ Hall E tower painting (currently listed under MERC TLT Pooled Capital) and new brand signage (funded under recent MERC resolution) is currently under project review per our market strategies currently underway.
- ✓ Continued efforts on grant funding and opportunity from PDC, and others will be pursued.
- Interfund Transfers
  - ✓ Hall D debt service transfer payment to Metro is consistent with the Bond schedule and is budgeted at \$1,187,832.
- One-time only costs or Phased In/Out Costs
  - ✓ Cirque: FY13 Cirque du Soleil opportunity is NOT reflected in this initial budget. Future date options are under review and analysis following the first event will be taking place.
  - ✓ Marketing Plan: Budget amendment transfer of \$195,000 may carry-over to FY13. Project plan timeline under development. NOT reflected in FY13.
- Sustainability Plan
  - ✓ No specific tasks, activities, projects or functions have been identified in the proposed FY 13 budget. Group of lighting capital improvements and additional grant funding opportunities will be explored. Staff will continue, as part of their daily operational practice, to maintain/improve our diversion rate.
- Other Changes
  - ✓ As experienced with our first Expo Center retreat held in the fall of 2011, the need for sustained focus on staff development and training is something that due to historical focus on the bottom line has been both rare and sporadic. Along with staff reorganization must come staff support and training to see increased productivity, innovation and resulting revenues.

The Portland Expo Center is in a number of transitions. Those changes are going to take some time to implement along with the recovery of a slow-moving consumer show industry. With the enhanced attention to marketing and brand position, staff feels the growth potential for the Expo Center in this budget year will grow steadily. Staff does not want to over project the results of those efforts too quickly. The management restructuring will also take some time to settle in. Care and concern with existing clientele, along with the management and development of new show producers, will provide the Expo with a sufficient high-wire act of its own. Support and development towards the OCC's enhanced marketing initiatives will allow the Expo to prepare and support for future event transfers allowing for larger national convention business.

FY 2012-13 Base Budget Modification Proposals

20  
Expo  
February 2, 2012

Venue: Expo Center

Priority (1, 2, 3, etc)	Proposal Description	Impacts	Risks	FTE	MERC Fund Amount	Funding Source	Total Proposal	New? Y/N
1	Add PT-Represented (IUOE) Operating Engineer to Operations Dept. Personal Services	Increase to Operations PS during FY13; allows for compliance in performing certain facility operational duties	Position requested for review.	.50 or 1,044 hrs	\$35,720	Business Strategy Reserve	\$35,720	Y
2	Structural Engineer Report - Hall ABC current assessment and future recommendations.	Review current status of structures, usage, economic impacts to facility, and plans for the future. Project need for basic building investment planning and safety protections	Determine the structural integrity of Halls AB & C		\$75,000	Business Strategy Reserve	\$75,000	Y
3	Lutron Dimmer - Maintenance and Repairs	Increase to MS Expense. In review of overall capital needs, this project was split away from higher dollar lighting projects now scheduled for FY14. Moved to 20.712 - Maintenance and Repairs	Current lighting in D204 unable to operate other than from alternate location.		\$5,000	Business Strategy Reserve	\$5,000	N
TOTAL							\$115,720	

**Portland Expo Center Capital Request  
FY 13 Budget**

**Renewal and Replacement Projects**

**Roof Repair – Hall D – Front (Lobby) and Back (Loading Dock) - \$150,000**

- Hall D roof began leaking in the Lobby/Meeting Room areas in earnest in the fall of 2011. The warranty for the roof was up and patch repairs have been made. Estimates have run from \$77K (coating to existing) to \$154K (remove and replace). These estimates were for 15,400 square feet of the Lobby roof area only.
- Project need for basic building and investment and safety protection.
- Project can be completed in FY13.
- ROI is achieved with the remove/replacement option with warranty but not with the coating/patch repair.

Funding Source - Renewal and Replacement Reserve

**Parking Lot Asphalt maintenance / removal / replacement - \$50,000**

- Continuation of parking lot standard maintenance. Repairs to balance of Upper Parking Lot 4 not completed in FY12 as well as South area and into Upper Parking Lot Three.
- Basic maintenance for 52 acre Expo facility site.
- Project can be completed in FY13.
- ROI is avoiding patch and repair fees if avoiding scheduled maintenance.

Funding Source - Renewal and Replacement Reserve

**Roof Repair – Hall AB – Storage, Ops Office - \$20,000**

- Hall AB basic membrane sealing, coating and repairs.
- Project need for basic building and investment and safety protection.
- Project can be completed in FY13.
- Building investment ROI achieved even with basic coating/patch repair.

Funding Source - Renewal and Replacement Reserve

**Roof Repair – Hall C – Aluminum Barrel Roof - \$15,000**

- Hall C aluminum application to the existing barrel roof - coating and repairs.
- Project need for basic building and investment and safety protection.
- Project can be completed in FY13.
- Building investment ROI achieved even with basic coating/patch repair.

Funding Source - Renewal and Replacement Reserve

**Sign Tower Painting - \$20,000**

- Basic scrape/prep and painting of 120' Expo Tower. Based on weather and timing, the painting of the tower may extend to the summer months. Large lift rental required. Branding signage planned for install at same timeline if possible. If painting is not feasible by June 30, moved to FY13.
- Current paint is visible peeling and showing signs of rust.

- Can be completed in FY13, perhaps in FY12.
- No known ROI other than investment maintenance.

**Funding Source – MERC TLT Pooled Capital Account**

**Electronic Reader Board - \$40,000**

- Replace / restore the current event reader board with an affordable electronic option with features allowing for sponsorship opportunities and other improved marketing.
- Current sign came with the building originally in 1994 and could have been up as long as 30+ years. Sign options not limited to Marine Drive, but entry as well.
- Can be completed in FY13.
- ROI savings found from 2 staff required to replace letters on sign, increased messaging and improved look to bring us into today's marketplace.

**Funding Source – MERC TLT Pooled Capital Account**

**Hall D and E Audio Visual Sound Towers - \$30,000**

- Replace existing Hall E and Hall D sound paging equipment currently at the end of the equipment life cycle.
- Units required in maintaining audio visual paging and announcements for patrons.
- Current units are being replaced one at a time and some major progress made.
- Clarity of announcements and ability to communicate to a full show floor is a safety concern. Current units in Hall E purchased in 1996 and past life cycle by many years.
- Can be purchased in FY13.
- ROI is met through lack of labor costs for repairs and parts to maintain old equipment via providers.

**Funding Source – MERC TLT Pooled Capital Account**

**Portable Bleacher Replacement - \$40,000**

- Replacement of 10 Expo bleachers beginning in FY12. Bleachers hold up to 150 patrons in a safe and presentation ally appropriate manner. Estimate for 4 more at \$10K per.
- Current bleachers came with the building originally in 1994 and may have been in use as long as 30+ years. Intention was never for these to be moved around as much as these are. New bleachers meet safety and standards for today's facilities.
- Can be completed in FY13.
- ROI savings found from 2 staff required to set and replace current bleachers and improved look to bring us into today's marketplace.

**Funding Source – MERC TLT Pooled Capital Account**

**Sweeper Scrubber Combination - \$50,000**

- Replace existing sweeper/scrubber that is at the end of its equipment life cycle.
- Unit required in maintaining cleanliness of exhibit halls.
- Current unit has been repaired numerous times and is not as efficient as when new.
- Can be purchased in FY13.
- ROI is met through lack of Operating Engineer labor for repairs, parts and labor to maintain old equipment via providers.

**Funding Source – MERC TLT Pooled Capital Account**

**JLG Boom Lift – 45’-60’ articulated man lift - \$40,000**

- Replace existing JLG Lift that is at the end of its equipment life cycle.
- Unit required in maintaining natural gas services, electrical and audio visual needs.
- Current unit has been repaired numerous times by service agents and is not as efficient as when new. This unit must be able to navigate in a full show floor.

**Funding Source – MERC TLT Pooled Capital Account**

**New Capital**

**Retail Coffee/Espresso Stand/Cart and related - \$40,000**

- Addition of Hall E feature for patron access to immediate point-of-sale and coffee / seating feature. Area would feature tables and chairs to relax. Carpeting project in FY12 considered as phase one.
- First major business feature improvement to Hall E since its opening in 1997.
- Can complete in FY13. Main challenge is with scheduling the work around the event schedule. Discussion continues regarding flex vs. permanent installation.
- ROI realized by semi-permanent point-of-sale to feature Portland Roasting and pacificwild catering partners.

**Funding Source – MERC TLT Pooled Capital Account**

**Total Renewal and Replacement Reserve: \$235,000**

**Total MERC TLT Pooled Capital Account \$245,000**

**Total FY13 Capital Request: \$480,000**

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## FY 2012-13 Base Budget

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### Basic Assumptions for FY 2012-13 Budget:

It was a challenging budget preparation process due to our forecast of events for 2012-2013. On an average year OCC hosts 40 plus conventions and this coming fiscal year we are down to 30 conventions. The majority of downturn is due to the fact when the recession hit, events that were booking 3 to 4 years out stopped booking to wait and see when the recession would recover. The impact 4 years later is seeing fewer conventions based on the non-booking decisions made at that time. In addition Travel Portland has seen a reduction in conventions we can even bid on without a headquarter hotel or a better hotel package within walking distance. We have to remain competitive and continue to focus on creative approaches that make planners take notice and development of niche markets with great returns. Example: We do outstanding work with tech shows so we are putting dollars into ensuring our tech capabilities are ahead of the curve to keep those specific shows coming back and encourage them to spread the word within their tight knit industry. Our sales team and Travel Portland's team are traveling more and we are pushing for a heavier focus on going after niche markets. We have not increased our FTE's in several years. Our FTE health and benefit package continues to rise and our support costs and excise dollars remain highly impactful on the operation as a whole. On the plus side the changes with the merging of MERC and Metro support costs has helped us see a drop in overall costs. We have several large capital renewal and replacement projects looming over the next few years so we plan to do as much of the prep and research this coming year to help save on costs later. The sales incentive program has been successful at helping our sales team focus and stay competitive. The plan has been a big driver for closing the deal and selling all of OCC services from the beginning of the process. Finally the rollout of "pacificwild" and the quality deliverables should be a huge help in raising the revenue as we seek a larger share of the local market.

### Revenue Assumptions:

- Revenues assume 10 less conventions than the norm
- Food and Beverage revenues will remain flat from the prior year. While we will see a decrease in the more profitable convention business, we will look to fill the gap with more small local and regional events which will have lower F & B returns. In addition we will conduct a market survey to determine if an F & B price increase is feasible in 2013.
- Our sales team is prepared to generate \$20,000 in new rental revenue from the OCC Plaza thus \$100,000 in overall new revenue for OCC. We have had our first renter and plan to push the sales this spring for summer and fall events. An amount totaling \$25,000 has been budgeted in the Sales and Marketing promotions budget to implement a marketing plan and offset cost for our first summer concert series in 2012.
- Consumer shows overall will remain flat; some shows are losing attendees though we have a few super shows increasing their numbers by the 1000's like VegFest and Chocolate Fest. We will continue to help these shows grow in size and scope for increased OCC ancillary revenue like parking, AV, electrical etc.
- Starting in July 2012 costs to clients will be raised an average of 3% on products and services. We will be strategic in where these costs rise in order to balance revenue dollars with customer service and perceived value.
- We lost the District Attorney rental lease due to their office budget cuts.
- Hotel/Motel Tax is to remain steady with OCC forecasting a 4% increase for budget revenues in FY 13.

### Personal Services:

- OCC will be requesting one new FTE for a Marketing Coordinator to put all the new revenue Ideas/projects into action as it relates to signage advertising, the OCC Plaza, Hoyt Street Station and other potential areas for revenue growth. Projecting a \$35,000 salary plus benefits for an approx. total of

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## FY 2012-13 Base Budget

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\$54,099. We are projecting this position will pay for half its salary within the first year and grow to be self sustaining within two years.

- Due to position vacancies and decreased conventions we are holding off on replacing open positions in the Operations labor area. OCC has included a \$260,000 turnover vacancy savings for FY 13
- OCC has re-negotiated with the I.A.T.S.E B-20 Labor Union to re-focus their services at the front of house operation (ticket taking, coat check etc.) while OCC will take on the responsibility of the back of house dock positions. This change will have a positive cost effect for the client as well as giving security more control of the back of house area.
- If we need to explore at a later date a furlough day for all OCC FTE's ( rep and non-rep) would equate to approx. \$25,000 in savings per day

### Materials and Services:

- Overall Goods & Services has remained flat for several years
- Sales and Marketing increased its promotion budget by \$25,000 to pay for Plaza promotions
- The Operations department has added utility and maintenance costs to cover the additional fees for maintaining the Plaza at \$15,000
- Increases in gas and electric utilities are up approx. 6%. The water/sewer department notes cost will rise 85% over the next 4 years so we are budgeting a 21% increase each year. In addition the water/sewer department is looking to charge additional water fees for kitchen water usage (this additional charge is pending)

### Capital Outlay:

- All current projects for this fiscal year are on schedule to be completed by June with the exception of two projects looking to rollover. The Kitchen funds will be used to update the kitchen coolers and create a Chef office space. The Cooling Loop Process Project will be completed in the next fiscal year. It was delayed due to staff time constraints on the current Portland Roasting project which is taking longer than anticipated.
- Capital projects are attached for 2012-2013
- Funding Sources for the capital projects consist of \$515,000 from the OCC Renewal & Replacement Reserve, a request amounting to \$220,000 from the OCC TLT Balance Funds, \$90,000 requested from the MERC TLT Pooled Funds, \$220,000 from Energy Trust of Oregon and \$340,000 from the VDI for a total of \$1,385,000.00
- A \$518,633.00 MTOCA request is earmarked for the Headquarter Hotel Project in order to assign staff time, collect updated reports and potentially partake in sight visits.

### Interfund Transfer:

- OCC will be receiving a loan from Metro for \$2.2 million dollars to pay the Streetcar LID in full. A debt repayment plan will then be created for ten years at a cost of \$231,000 each year. This debt amount will be requested from the VDF on an annual basis for the next ten years.

### One-time Only Costs:

- This budget includes a onetime funding request in the amount of \$75,000 from the VDF for the onetime cost of pursuing our recertification of LEED at the Gold level. This cost is once every 5 years.

### Sustainability Plan:

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## **FY 2012-13 Base Budget**

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- Three capital projects are heavily focused on sustainability and include; replacement of the original chrome entry doors, the Lighting Project for the halls and meeting rooms and the implementation of recommendations based on our retro commissioning study titled “ECMS”. We will be able to recoup an estimated \$220,000.00 from Energy Trust of Oregon if we do the full projects.
- OCC will be going for LEED Gold status during the LEED recertification process.
- OCC will continue to participate in the Lloyd EcoDistrict in evaluating future sharing of systems to save energy usage and costs between multiple venues in the area.
- OCC will have full front of house composting underway which will add significantly to our diversion rate

### Other Changes:

- OCC will have new Executive leadership for the first time since the venue opened. This has the potential for OCC to evaluate and look at new avenues for revenue generation. In addition overall new direction or areas of focus may come into play so the team will need to remain flexible and ready to meet the change as well.

### Closing Comments:

- The FY 13 will be challenging for OCC as we will have 20% less conventions then our norm so the impact will be felt in all revenue generating areas. Due to this major shift the OCC Sales Team will be focused on local and regional bookings to fill in open space. A marketing plan will be in play to ensure we are able to reap the revenue from our new Plaza space. The team has regular meetings to review with Sr. Management their yield management strategies and how we can help make smart decisions.
- Time and effort will be spent in FY13 to evaluate two new potential revenue producing ideas that could assist in stabilizing the OCC’s future. The first is working with Seattle and Vancouver convention centers and their CVB’s to look at the potential of each venue assisting two local shows from their cities into growing into traveling shows throughout the Northwest. Example if we can assist VegFest in becoming a rotating show and take their show on the road to Vancouver and Seattle (very similar demographics) then we grow a partnership and the end result if all centers participate is 4 new shows for OCC.
- The second idea we will be spending man hours investigating is the idea of buying a show that has been successful but needs help to grow. This will delve into financial models that have potential as well as creating an entire business plan laid out to review. The two ideas will cost man hours only. The future is very much up to us to create.

**FY 2012-13 Base Budget Modification Proposals**

OCC

**Venue:** Oregon Convention Center

1-Feb-12

Priority (1, 2, 3, etc)	Cost Center	Proposal Description	Impacts	Risks	FTE	MERC Fund Amount	Total Proposal	New? Y/N
1	OCC Sales and Marketing	Fund a new Marketing Coordinator position to ensure OCC is capturing all the potential revenue we can from electronic signage, the plaza and other revenue generating ideas	Having the position would allow us to grow the revenue from \$25,000.00 in the first year to \$100,000.00 by year two which will pay for itself.	If we are unable to add this position then OCC will be leaving money on the table which could help shore up revenue streams impacting our bottom line.	1.00	\$54,099		Y
2	OCC Operations	Offer Hepatitis B shots ( a series of 4 shots) to approx. 80 operations and security employees as an optional offer.	Having the opportunity to offer the shots will ensure staff understand we put safety first. It will protect them should they come in contact with bodily fluids.	If we are unable to provide the shots we could potentially have someone suffer a health risk situation due to some of the work they partake in.		\$20,000		Y
TOTAL						\$74,099		

## ***Personnel Request***

## ***Fiscal Year 2012-13***

A Personnel Request is necessary for all new positions, regular position FTE increases and all reclasses proposed for FY 2011-12 as well as a time extension or change of status request for an existing limited duration position. Personal Request forms are not necessary if the purpose of an FTE increase is to reflect a full year FTE for a regular position added mid-year in FY 2010-11. The focus of this form will be on the budgetary justification and impact. **Please note – a new position or reclass will not become effective until such time as Human Resources has completed its review and has approved the classification request.**

### **ACTION REQUESTED:**

<b>Action:</b>		<b>Reclass:</b>		<b>Duration:</b>		<b>Type:</b>	
New position	<input checked="" type="checkbox"/>	Career ladder	<input type="checkbox"/>	Ongoing	<input type="checkbox"/>	Full-time	<input type="checkbox"/>
FTE Increase	<input type="checkbox"/>	General	<input type="checkbox"/>	Limited	<input type="checkbox"/>	Part-time	<input type="checkbox"/>
Relcass	<input type="checkbox"/>						

Describe the action requested - include FTE, classification of position (before/after if relcass), length of duration, etc.

### **POSITION # AND INCUMBENT:**

If this request is a reclass or FTE increase, **indicate the position number** and the name of the person currently filling the position (if any).

### **DUTIES AND RESPONSIBILITIES:**

Provide a general description of the duties and responsibilities of this position. Please remember, the focus of this form is on budgetary justification and impact not the information necessary to complete the Human Resources review and approval.

### **JUSTIFICATION:**

Provide a narrative justifying the need for this request. Explain why the request is necessary, how it achieves the goals and objectives of the department, and the consequences of not receiving this request. Describe what alternatives to this request were investigated. **Remember, the focus of this form is the budgetary justification and impact.**

### **BUDGET IMPACT** (for FTE increases or reclasses include only the new or additional cost):

	<u>Rate</u>	<u># of hours worked</u>	<u>Amount</u>	<u>Total</u>
Salary	\$ 35,000	40	\$ 35,000	
Fringe:				
Variable-base fringe	_____ %		\$ 10,061	
Variable-bond recovery	_____ %		\$ _____	
Fixed	\$ _____		\$ 9,038	
Additional Costs:				
Other (specify)			\$ _____	
<b>TOTAL NEW COSTS</b>				<b>\$ 54,099</b>

**Anticipated Starting Date of Position:**

Funding Source(s): Provide explanation of funding source(s) (e.g., excise tax, new grants, existing grants, other identified sources, etc.).

### **Reasons for the Oregon Convention Center to have a Marketing Coordinator dedicated to Marketing/Advertising Sales**

1. Revenue Generation – The OCC has an excellent image both locally and nationally that could be enhanced and built upon by selling more of our services to our customers.
  - a. New opportunities for revenue generation exist with sales of our electronic marketing package that would include, Kiosk Signage, Overhead Signage, Facebook presence, Smart Phone Ap – thru Meridian, e-point and our website.
  - b. Position will cost \$35,000 in salary plus benefits, the position is expected to generate a minimum of \$30,000 in advertising the first year, the balance to be covered is \$25,000. The revenue goal will increase from that point forward with a goal the following year of \$100,000 in revenue.
  - c. Development of marketing program around selling of advertising to local and national shows
  - d. Coordinate marketing opportunities with OCC owned events and OCC Plaza Events
  - e. Communicate with local/national media about our events and assist in marketing events to a larger market
2. Assist the communication effort to our local and national audience
  - a. Assist in distribution of marketing materials with video and images as needed to help sell it.
  - b. Assist in coordination of electronic media thru a variety of sources
    - i. Website – assist with communication of weekly tasks – like e-point distribution
    - ii. Electronic Ap for Smart Devices – work with Meridian to coordinate advertising efforts
    - iii. Electronic Signage – sell advertising on overhead and Kiosk signage to public shows, conventions and outside advertisers
    - iv. Assist with marketing projects around OCC’s commitment to Social Media with Facebook, Twitter, YouTube, Flickr etc.
3. Assist in coordination of marketing the facility thru events, communications and connections to organizations
  - a. Assist in planning marketing and coordinating projects to further develop the message that OCC is a great place to do business
  - b. Assists in communicating regularly with our partners, MERC, Metro and Travel Portland Communication and Marketing departments to have a coordinated message and cover more ground together.
  - c. Open doors to new organizations for sales to make connections to customers
4. Work directly with show managers to insure maximum marketing possibilities for shows hosted at the Oregon Convention Center.
  - a. Assist in presenting marketing solutions that can generate advertising revenue
  - b. Work in tandem with Sales and Marketing team to sell advertising services and all OCC services to existing customers and potential customers
  - c. Work with our partner organizations to cross promote venues

## **Marketing Coordinator dedicated to Marketing/Advertising Sales at the Oregon Convention Center**

### **Summary:**

This position will be responsible for generating new revenue by taking the lead on implementing small to mid sized projects that add to our revenue such as; creating plaza events, selling electronic signage advertising, marketing the Hoyt Street Cafe etc.

### **Reasonable Accommodations:**

To perform this job successfully, an individual must be able to perform each essential duty and physical demands satisfactorily with or without a reasonable accommodation.

### **Essential Functions:**

- Sell all electronic advertising options that are available within the OCC portfolio.
- Take the lead on developing Plaza events to generate ancillary revenue
- Implement a grass roots marketing plan to increase sales at Hoyt Street Cafe
- Assist in the development of marketing programs around selling advertising to local and national customers.
- Be responsible for revenue generation by OCC clients, exhibitors, show sponsors and outside local and national advertisers by means of OCC's in-house marketing and advertising options, selling a minimum of \$30,000 in advertising annually.
- Manage all aspects of position, and work in tandem with OCC sales and marketing team to include, sales telephone calls, emails, site visits, outside calls and client relationships.
- Participate in drafting information content for the OCC website, Facebook and signage information related to selling all electronic advertising service
- Develop new means of revenue generation via sales of electronic marketing packages including Kiosk Signage, Overhead Signage, Facebook presence and Smart Phone App utilizing Meridian, e-point and our website.
- Work in tandem with OCC's Sales and Marketing team to sell advertising and all OCC services to existing customers and potential customers.
- Present advertising opportunities to show managers to show advertising possibilities and build revenue for shows hosted at the OCC.

### **Secondary Functions**

- Support and Direct the distribution of marketing materials with video and images as needed to help sell it.
- Communicate with local and national media about our events, and assist in marketing OCC to a larger national audience
- Develop and coordinate marketing the facility through events, communications and connections to organizations.
- Assist in planning marketing and coordinating projects to further develop the message that OCC is a great place to do business.
- Works with our partner organizations within Metro to cross promote our venues.
- Assist in the coordination of electronic media through a variety of sources including our Website, Electronic app for Smart Devices, Electronic Signage, and Social Media (Facebook, Twitter, YouTube, Flickr, etc.)

### **Supervisory Responsibilities:**

This position has no supervisory responsibility but may provide leadership and project management guidance.

### **Education and/or experience; Certificates, Licenses and Registrations:**

- Minimum of an Associate's Degree in Marketing or other pertinent area of study
- A minimum of three (3) years of sales and marketing experience

- An equivalent combination of education, experience and training that would provide the knowledge, skills and abilities required for the successful performance of these essential job duties.

**Necessary Knowledge, Skills and Abilities:**

- Knowledge of principles and techniques of sales
- Knowledge of basic accounting principles and practices.
- Skills in project management
- Skills in Sales and Marketing
- Ability to work effectively with information management systems, and adapt quickly to system changes and updates.
- Ability to follow direction, prioritize and manage multiple deadlines and priorities.
- Ability to establish and maintain effective, cooperative relationships with those contacted in the course of work.
- Ability to work independently and part of a team.
- Ability to work various hours, including evenings, weekends and holidays.

**Physical Demands / Work Environment:**

- Majority of work is completed in a general office environment with exposure to moderate levels of noise in a well-lit, well-ventilated and moderately paced environment.
- Continuously required to read computer screen; perform repetitive motions of hands and wrist; reach with hands and arms.
- Frequently required to sit for extended periods of time; see and/or respond to visual/audio cues.
- Ability to visit clients outside of facility.
- Occasionally required to stand and/or walk for extended periods of time.
- Rarely required to climb and/or balance; stoop, kneel, crouch and/or crawl; twist and/or bend; lift, push, and/or carry objects up to 50 pounds; work near or around moving mechanical parts.

## OCC Capital Request – FY13 Budget

February 1, 2012

### Renewal and Replacement - Funded

#### **Original Roof Replacement – Part 1 - \$100,000.00**

- Part 1 is to hire a Roofing Consultant/Structural Engineer to review and design the replacement roof and assist with writing a thorough RFP to encompass replacement details and timelines with venue restrictions.
- The project is a major undertaking that will take approx. 4 months to complete the physical work in FY14. Part 1 is needed to ensure all the details are prepared for so clients that will be effected are notified with our game plan
- Project (Part 1) can be completed in FY 13
- ROI – thorough prep work to ensure we have a plan that will limit downtime and last minute costs. The project also gives us the opportunity to create future options with the potential of a solar and/or green roof in preparation for an RFP

**FUNDING SOURCE – Renewal and Replacement  
(Project)**

#### **CCTV Replacement - \$275,000.00**

- Funds to replace and re-strategize entire security camera placement and DVR's
- Develop master plan for placement ensuring entire venue is secure and preventative measures are in place for loss
- Project can be completed in FY 13
- ROI – Ease of client concerns regarding loss of merchandise or equipment goes a long way. Saves on insurance cost for losses we have to reimburse on or on raised rates due to losses or criminal activity. Moving from analog to digital system provides better picture quality and clarity.

**FUNDING SOURCE – Renewal and Replacement  
(Project)**

#### **Replacement Chrome Entry Doors on Original Side of Venue - \$125,000.00**

- Doors are original to the facility. Loss of seal and distribution of weight is bending hinges making it difficult to open and close.
- Doors will be replaced. Supporting ground structure will be repaired and upgraded.
- Project can be completed in FY 13
- ROI – new doors will save on energy cost as the seals have not been able to retain their use. Wear and tear costs on replacement parts should be eliminated.

**FUNDING SOURCE – Renewal and Replacement  
(Project)**

#### **Pallet Jack Replacement - \$15,000.00**

- Replace original pallet jack for efficiency (21 years old)
- Project can be completed in FY 13
- ROI – new equipment is faster and more efficient, vital when unloading large pallets and need to move quickly due to client needs.

**FUNDING SOURCE – Renewal and Replacement  
(Purchase)**

## **Priority Capital Projects – Funding Requested**

### **Priority #1: Show Network Capacity Upgrade – 6 WiFi Arrays/Gigabit Switches - \$80,000.00**

- Increase Wi-Fi capacity due to greater number of users, upgrade the network switches to Gigabit capacity (increased speed) vital for tech shows
- Project can be completed in FY 13
- ROI – increased capacity gives us the opportunity to sell to tech shows already on the books for FY 13. 1000 -3000 users at a time and growing. New show booked; Drupalcon will spend approx. \$75,000 on WiFi/Hardwired Internet. All tech shows are getting bigger and we are getting rave reviews for our tech expertise and ability to handle their specific needs. To stay competitive we need to stay ahead of the curve as noted in our revenue assumptions.

**FUNDING SOURCE – OCC TLT Balance Fund Request (Business Strategy)**

**(Purchase)**

### **Priority #2: Lighting Project/Energy Savings (Exhibit Halls \$190k and Meeting Rooms\$300k) – Total Project approx. \$500,000.00 (Est. ETO dollars back \$160k) = \$340,000.00**

- Last year we changed 400 watt metal halides to 200 watt induction lights and reduced our energy usage in half. Now we want to reduce it further and change the square lights in the halls to match the color temp as well as going from a 32 watt lamp to a 25 watt. We also want to eliminate several lamps in Hall D/Hall E to mirror halls A, A1, B, and C.
- In the original side meeting space we want to change the 250 watt quartz lights to 42 watt dimmable compact fluorescents so we mirror the expansion side of the venue. The dimmer controls in the rooms are original to the facility and do not meet the technical requirements for the lighting upgrades.
- Project can be completed in FY 13
- ROI – Greater energy savings to add to the huge investment we have already made. In addition the better controls for meeting rooms assist with meeting customer service demands.

**FUNDING SOURCE #1– VDF Fund Request (Sustainability)**

**FUNDING SOURCE #2 – Energy Trust of Oregon**

**(Project)**

### **Priority #3: Restroom Handicap Door Operators - \$50,000.00**

- Add touch buttons to open restroom doors front of house for those with physical challenges
- Project can be completed in FY 13
- ROI – good customer service and keeps us away from any ADA concerns. We meet ADA regulations, however this makes it easier on those with challenges

**FUNDING SOURCE – OCC TLT Balance Fund Request (Health & Safety & Customer Service)**

**(Project)**

### **Priority #4: ECMS – Energy Conservation Measures - \$150,000.00 (Est. ETO dollars back \$60k) = \$90,000.00**

- OCC has been going through an intensive retro commissioning project these past two years. This means all of our mechanical systems have been reviewed by Glumac Engineering to look for areas to improve upon our operating efficiency. This includes changing our air handler controllers on the expansion side to reduce reaction time in the system. This will give us the ability to better control the temperature throughout the facility. In addition having the new controllers commissioned for optimum efficiency.
- Project can be completed in FY 13

- ROI - These dollars would be used to put the expert's recommendations into action so that we could benefit from further efficiency in our operating systems saving both energy and dollars. In addition this will help us with LEED points for Gold.

**FUNDING SOURCE #1 – MERC TLT Pooled Capital Fund Request (Sustainability)**

**FUNDING SOURCE #2 – Energy Trust of Oregon  
(Project)**

**Priority #5: Replacement Pick-Up Truck w/Plow Attachment - \$40,000.00**

- Replace 21 year old truck used for day to day operational needs
- Adding plow attachment in order to be able to plow our own surface lots and loading dock areas in emergency situations.
- Project can be completed in FY 13
- ROI – Truck is necessary for day to day operations. It gives us the opportunity to prioritize and respond effectively to emergency snow removal.

**FUNDING SOURCE – OCC TLT Balance Fund Request  
(Purchase)**

**Priority #6: Riding Sweeper/Scrubber - \$50,000.00**

- Replace an original 20 year old scrubber
- Advanced technology has made this equipment much more sustainable and this will ensure our fleet of scrubbers are of the highest sustainable standards
- Vital to ensure quick turnaround on clean hall floors for clients
- Project can be completed in FY 13
- ROI – New scrubber is quicker and more effective at ensuring halls get cleaned which saves on labor time. This will also enable us to get rid of the last remaining gasoline powered scrubber and move towards propane. Propane burns cleaner (greener) and is easier to manage than gasoline (saves on trips to the gas station). Propane is also safer and reduces the risk of leaks and theft.

**FUNDING SOURCE – OCC TLT Balance Fund Request  
(Purchase)**

**TOTAL Renewal and Replacement Reserve Request: \$515,000.00**

**TOTAL OCC TLT Balance Fund Request: \$220,000.00**

**TOTAL MERC TLT Pooled Fund Request: \$90,000.00**

**TOTAL VDF Request: \$340,000.00**

**TOTAL Energy Trust of Oregon Dollars: \$220,000.00**

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**TOTAL CAPITAL FUNDS REQUESTED: \$1,385,000.00**

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## FY 2012-13 Base Budget

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- Revenues

General Assumptions:

- ✓ Resident company user fee increases \$0.50
- ✓ Broadway user fee increases \$0.25
- ✓ 9 weeks (72 performances) of Broadway; season is not strong; several shows not well known; one non-musical, though popular, may not perform as well as a musical
- ✓ Resident company performances down; Symphony doing 20 fewer shows; some NFP clients downsizing from Newmark to Winningstad
- ✓ Rent increase of 3% for all users
- ✓ Billable rates increase 3%-including stagehands
- ✓ 40 commercial shows-same as FY12 budget

Operating Revenue:

- ✓ Rentals down 24% over FY12 budget; 3.5 fewer weeks of Broadway; 20 fewer performances of symphony
- ✓ Food and Beverage-down only 1% due to increased successes in caterings and promotions with resident companies; margin of 12.39% is down 2.3% over FY12 budgeted. Looking at increasing concessions pending survey of competition and market
- ✓ Merchandising-Down 27%; fewer Broadway weeks and shows with limited merchandise appeal
- ✓ Utility services-flat with FY12
- ✓ User fee-down 6% due to fewer Broadway weeks and symphony performances
- ✓ Ticketing Commissions-down 7% due to drop in shows, though is still far better in generating revenue than system in FY12. This may perform better than budgeted as it is managed much differently from old system, thus making budgeting more challenging.

- Personal Services

- ✓ Decrease of 2%; Based on estimated number of shows; includes all event labor.
- ✓ Eliminates 1.5 FTE

- Materials & Services

- ✓ Decreased 10% over FY 12
- ✓ Fewer shows plus more efficient HVAC and lighting equipment installed in FY12 result in significant savings in utility costs
- ✓ Travel and training significantly reduced
- ✓ Computer replacement cut in ½
- ✓ Secret shopping cut 1/2
- ✓ Grants and scholarships will be sought out to restore some items
- ✓ Food and Beverage expenses flat over FY12

- Non-Operating Revenue

- ✓ Hotel-Motel Tax-increased 19% over FY12 due to PCPA returning to \$1.2 million base

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## **FY 2012-13 Base Budget**

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- ✓ Government support-City of Portland-increase of 1% (CPI) per City of Portland
- Non-Operating Expenses
  - ✓ MERC Administrative expenses down 18% (\$129,858)
  - ✓ Metro Support Services increase 11% (\$86,771)
  - ✓ Metro Risk Management-essentially flat over FY12 budget (\$1486)
- Capital Outlay
  - ✓ See Renewal and Replacement Plan
- Interfund Transfers
- One-time only costs or Phased In/Out Costs Non-Operating Expenses
  - ✓ Phased out ASCH façade repair (\$170,000)
- Sustainability Plan
  - ✓ Unknown at this time whether approved capital projects will lend themselves to sustainable alternatives
  - ✓ Green cleaning chemicals
- Other Changes

FY 2012-13 Base Budget Modification Proposals

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PCPA

January 13, 2012

Venue: PCPA

Priority (1, 2, 3, etc)	Cost Center	Proposal Description	Impacts	Risks	FTE	MERC Fund Amount	Total Proposal	New? Y/N
1	709.68636	Sound snakes for ASCH and Winni.	Labor savings for clients; enhances marketability.	If halls aren't easy and efficient to work in or labor is too expensive clients may go elsewhere.	N/A	\$14,000		Yes
2	712.62450	Temporary employees.	With loss of one FTE in Event Services, temporary help can assist.	Admin staff presently maxed out. Provides some clerical relief.	N/A	\$5,000		Yes
3	840.64110	Computer replacements.	Staff don't have fast, efficient computers to do their jobs.	Lack of productivity. Drop in customer service to clients if computers are not functioning properly.	N/A	\$5,000		No
4	717.68471	Secret shoppers.	Reduces secret shopping visits from 50 to 25 annually.	Inability to adequately shop a variety of events in all three buildings.	N/A	\$2,500		No

TOTAL \$26,500

**PCPA Capital Request  
FY 13 Budget**

**Renewal and Replacement Projects**

**Hatfield Hall Cooling Tower & Associated Piping \$150,000**

- Full replacement of the cooling tower including VFD (variable frequency drive) control for pumps and redo plumbing feed to cooling tower on roof. Also need to replace the chilled water pumps and also install VFD control.
- Project need for safety as cooling tower structure is literally coming apart and consistently sending debris downstream to our new chiller potentially damaging it or making it unavailable for operation. We will also benefit from more efficient electrical operations and stop dumping debris-filled water out of the system.
- Project can be completed in FY13.
- ROI: Savings from water and electrical efficiency combined with the labor to safely operate the chiller for our HVAC. Failure to replace could result in lack of cooling capabilities and damage to other equipment in the system.

**Schnitzer Cooling Tower & Associated Piping (Pan Restoration Only) \$25,000**

- Coat the entire interior of the cooling tower pan to protect it from corrosion failure. Comes with a 5 year warranty and helps to make the asset life longer than originally expected.
- Opportunity to save cost for an entirely new capital investment.
- Project can be completed in FY13.
- ROI: Avoids the immediate cost of a new tower: \$150K-\$200K; tower failure could result in lack of cooling capabilities

**Hatfield Hall Exterior Insulation Finish System \$100,000**

- Reinstall the exterior insulation finish system (outside walls) outside Brunish Hall and Winningstad Theatres on the North elevation of the AHH. We have systemic failure in original construction methods & poor historical maintenance from the roof line level to the sidewalk level. Project requires redesign and new construction of the entire wall system, flashing details, vapor barrier, insulation, and possible roof work as well.
- Safety of the building envelope is a critical piece of operating a building. We have had significant known leaks all over the Winningstad Theatre for a number of years.
- Unknown if we can fully complete the project in FY13. We may discover additional work needs to be done with this project or we may need to do additional work as a separate project in the future.
- ROI: Cost avoidance of potential additional damage to our theater, production equipment, and/or potentially endangering our ability to book performances if the leaks were unable to be controlled; could cause harm to the occupants of the theater.

**Newmark Theatre Rolling Fire Doors \$75,000**

- Replace non-operational fire/life safety doors separating Newmark Theater stage from loading dock. Doors are part of designed life-safety system and must be maintained and operational. Current manufacturer no longer exists so we cannot repair any further.
- Safety issue.

-Can be completed in FY13.

-ROI: This is a life safety issue in case of a stage fire. Improperly operating doors might not provide the necessary fire containment to limit serious injury/loss of life or damage to the venue.

**Keller Orchestra Pit Handrails \$40,000 (Higher number from \$25,000 originally submitted for 5 year plan)**

-Holds the scrim covering between the stage, and over the orchestra pit, and prevents the audience from entering/falling into the pit. The current system is very loose and is on its last legs.

-Safety issue and Broadway production issue.

-Can be completed in FY13.

-ROI: Failure to replace could result in injury to patrons/staff in and around the orchestra pit.

**Keller Soft Goods-legs. Borders, misc. \$50,000**

-Replace all of the on-stage curtains.

-Needs to be funded as a safety issue. We cannot operate the theater with non-fire retardant or disintegrating soft goods. Our clients would be unable to stage shows without them.

-Can be completed in FY13.

-ROI: Life safety compromised without proper fire retardant; inability to meet the needs of the shows thus decreasing marketability.

**Newmark Theatre Sound Console \$25,000**

-Replace the Sound console. The current one is cobbled together with multiple add-on devices (from the sound department head's own collection) in order to make it efficient and useful to client needs which are so varied in the venue.

-Operational cost savings opportunity for clients as the new console will make the sound department stagehand work more efficient and likely cost less in labor.

-Can be completed in FY13.

-ROI: Fail to replace could result in poor sound quality and labor costs that decrease the marketability and desirability of the venue.

**Winningstad Soft Goods-legs, borders, misc \$25,000**

-Replace all of the house drapes on stage.

-Needs to be funded as a safety issue. We cannot operate the theater with non-fire retardant or disintegrating soft goods. Our clients would be unable to stage shows without them.

-Can be completed in FY13.

-ROI: Life safety compromised without proper fire retardant; inability to meet the needs of the shows thus decreasing marketability.

**Event Chairs \$10,000**

-Replace banquet chairs with heavy duty/ flexible-use chairs for both indoor/outdoor applications

-Current banquet chairs are shabby and embarrassing. PCPA does not do enough high end seated catering to warrant replacing with banquet style chairs plus many clients prefer to rent their own. Less expensive multi use event chairs are more practical. Cost savings opportunity on event setup labor with type chair and free up much needed storage space in each building eliminating

unneded banquet chairs. Better experience for customers with comfortable seating both indoors and outside.

-Can be completed in FY13.

-ROI: Project efficiencies gained in use of storage space and labor needed for event setups plus being more attractive increases the marketability of the venue.

**Keller Production Communications (Clearcom) \$20,000**

-Add Clearcom in multiple production locations from the FOH ceiling to the pin rail. Change out the head end to operate on multiple channels thereby allowing for better integration with Broadway touring shows. Replace multiple failing headsets and handsets throughout the building.

-This is a safety issue as most of the communications in these missing locations are done with shouting while operating rigging and other stage equipment where clear communication helps insure the safety of those working in the area.

-Can be completed in FY13

-ROI: Life safety issues are more likely if proper communications amongst stage technicians fails or is inadequate.

**Keller Carpet Stairwells \$50,000**

-Need to replace stairway carpets as many have worn to the threads.

-Safety issue as it is becoming a potential trip hazard. It also is embarrassing.

-Should be able to complete in FY13. Main challenge is with scheduling the work around the busy schedule.

-ROI: Worn carpet increases the chances of slip and falls and possible serious injury to patrons; shoddy appearance and decrease marketability of the venue.

**Total FY13 Capital Request: \$570,000**

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**All Departments**  
**2012-13 Proposed Budget**

					% Change of
			2011-12	2012-13	Annual
	2009-10 Actual	2010-11 Actual	Adopted Budget	Proposed Budget	Budget
	June-10	June-11	June-12	June-13	100%
<b>Operating</b>					
Revenue	17,199,328	18,211,686	18,626,251	17,918,192	-4%
Revenue - Food and Beverage	12,564,711	13,502,313	11,912,662	11,763,221	-1%
<b>Total Operating Revenue</b>	<b>29,764,039</b>	<b>31,713,999</b>	<b>30,538,913</b>	<b>29,681,413</b>	<b>-3%</b>
Costs - Food and Beverage	10,516,100	11,347,477	9,576,203	9,851,922	3%
Personal Services	16,800,139	17,212,775	17,791,493	17,532,818	-1%
Goods & Services	7,310,187	7,076,236	7,943,710	8,046,177	1%
Marketing	3,058,257	3,038,636	3,067,917	3,138,827	2%
<b>Total Operating Expenses</b>	<b>37,684,683</b>	<b>38,675,124</b>	<b>38,379,323</b>	<b>38,569,744</b>	<b>0.50%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>(7,920,644)</b>	<b>(6,961,125)</b>	<b>(7,840,410)</b>	<b>(8,888,331)</b>	<b>13%</b>
<b>Non Operating</b>					
Transient, Lodging Tax	9,897,188	11,022,691	11,155,335	12,257,182	10%
Government Support City of Portland	766,100	767,019	784,320	793,408	1%
Non-Operating Revenue	256,669	142,593	157,732	156,412	-1%
Non-Operating Expense	2,780	2,500	2,500	2,200,000	87900%
	<b>10,917,177</b>	<b>11,929,803</b>	<b>12,094,887</b>	<b>11,007,002</b>	<b>-9%</b>
<b>Support and Risk Management</b>					
MERC Administration	-	-	-	-	-
Indirect Cost Metro Support	-	-	-	-	-
Metro Support Services	1,837,172	1,993,186	2,164,856	2,412,776	11%
Metro Risk Management	481,672	499,312	741,765	741,610	-0.021%
	<b>2,318,844</b>	<b>2,492,498</b>	<b>2,906,621</b>	<b>3,154,386</b>	<b>9%</b>
<b>Net Increase (Decrease)</b>	<b>677,689</b>	<b>2,476,180</b>	<b>1,347,856</b>	<b>(1,035,715)</b>	<b>-177%</b>
	0	-	-	-	-
<b>Transfers</b>					
Transfers to (Expense)	-	-	2,047,513	349,633	-83%
Transfers from (Revenue)	-	-	114,822	2,718,633	2268%
Debt Service (Expense)	1,316,252	1,189,132	1,188,632	1,187,132	0%
<b>Net Transfers</b>	<b>(1,316,252)</b>	<b>(1,189,132)</b>	<b>(3,121,323)</b>	<b>1,181,868</b>	<b>-138%</b>
<b>Net Operations</b>	<b>(638,563)</b>	<b>1,287,048</b>	<b>(1,773,467)</b>	<b>146,153</b>	<b>-108%</b>
	0	0	-	-	-
<b>Capital</b>					
Revenue	-	-	-	-	-
Capital Outlay	1,493,865	3,736,634	2,961,366	2,497,000	-16%
Construction Management	-	117	-	-	-
Goods & Services	-	-	-	-	-
Transient, Lodging Tax	-	492,214	-	-	-
Non-Operating Revenue	2,412,221	856,729	471,675	295,000	-37%
Transfers to (Expense)	-	105,931	-	-	-
Transfers from (Revenue)	187,252	475,000	480,000	-	-
<b>Net Capital</b>	<b>1,105,607</b>	<b>(2,018,739)</b>	<b>(2,009,691)</b>	<b>(2,202,000)</b>	<b>10%</b>
<b>Fund Balance Inc (Dec)</b>	<b>467,044</b>	<b>(731,692)</b>	<b>(3,783,158)</b>	<b>(2,055,847)</b>	<b>-46%</b>
	0	0	-	-	-
<b>Food and Beverage Gross Margin</b>	<b>2,048,611</b>	<b>2,154,836</b>	<b>2,336,459</b>	<b>1,911,299</b>	<b>-18%</b>
<b>Food and Beverage Gross Margin</b>	<b>16.3%</b>	<b>16.0%</b>	<b>19.6%</b>	<b>16.2%</b>	<b></b>
<b>Full Time Employees</b>	<b>194.0</b>	<b>190.0</b>	<b>185.9</b>	<b>181.9</b>	<b></b>
<b>Excise Tax</b>	<b>1,670,101</b>	<b>1,050,555</b>	<b></b>	<b></b>	<b></b>
<b>Transient, Lodging Taxes as percent of revenue</b>	<b>25%</b>	<b>26%</b>	<b>27%</b>	<b>29%</b>	<b></b>
<b>Fund Balance</b>					
Beginning Fund Balance			26,357,848	22,804,690	
Fund Balance Inc (Dec)			(3,783,158)	(2,055,847)	
<b>Ending Fund Balance</b>			<b>22,574,690</b>	<b>20,748,843</b>	
Unrestricted Fund Balance			-	(270,935)	
Operating Contingency			2,299,335	2,299,335	
Stabilization Reserve			620,500	620,500	
Designated for Renewal & Replacement			13,439,072	12,477,072	
New Capital/Business Strategy Reserve			5,723,569	5,440,657	
Restricted by Agreement - TLT			492,214	182,214	
<b>Ending Fund Balance</b>			<b>22,574,690</b>	<b>20,748,843</b>	

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Portland Exposition Center**  
**2012-13 Proposed Budget**

	2009-10	2010-11	2011-12	2011-12	2012-13	% Change of
	Actual	Actual	Actual	Adopted	Proposed Budget	Annual
	June-10	June-11	June-12	June-12	June-13	Budget
						100%
<b>Operating</b>						
Revenue	3,454,746	3,471,329	1,749,401	3,876,866	3,838,005	-1%
Revenue - Food and Beverage	1,625,859	1,618,546	708,075	2,039,798	1,864,849	-9%
<b>Total Operating Revenue</b>	<b>5,080,604</b>	<b>5,089,875</b>	<b>2,457,476</b>	<b>5,916,664</b>	<b>5,702,854</b>	<b>-4%</b>
Costs - Food and Beverage	1,299,303	1,434,827	557,970	1,486,495	1,505,243	1%
Personal Services	1,373,100	1,388,413	728,734	1,535,806	1,605,304	5%
Goods & Services	1,047,253	1,138,375	582,310	1,266,746	1,171,236	-8%
<b>Total Operating Expenses</b>	<b>3,719,657</b>	<b>3,961,614</b>	<b>1,869,014</b>	<b>4,289,047</b>	<b>4,281,783</b>	<b>-0.17%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>1,360,948</b>	<b>1,128,260</b>	<b>588,462</b>	<b>1,627,617</b>	<b>1,421,071</b>	<b>-13%</b>
<b>Non Operating</b>						
Non-Operating Revenue	30,754	24,106	16,321	22,731	21,290	-6%
Non-Operating Expense	-	-	-	-	-	-
	<b>30,754</b>	<b>24,106</b>	<b>16,321</b>	<b>22,731</b>	<b>21,290</b>	<b>-6%</b>
<b>Support and Risk Management</b>						
MERC Administration	238,284	200,195	109,280	187,337	153,944	-18%
Metro Support Services	183,718	179,387	113,652	194,837	217,150	11%
Metro Risk Management	72,467	75,038	71,622	85,947	82,047	-5%
	<b>494,469</b>	<b>454,620</b>	<b>294,554</b>	<b>468,121</b>	<b>453,141</b>	<b>-3%</b>
<b>Net Increase (Decrease)</b>	<b>897,233</b>	<b>697,746</b>	<b>310,229</b>	<b>1,182,227</b>	<b>989,220</b>	<b>-16%</b>
<b>Transfers</b>						
Intrafund Transfers	-	-	-	-	-	-
Transfers to	-	-	-	176,464	-	-
Transfers from	-	-	7,980	7,980	-	-
Debt Service	1,176,632	1,189,132	925,816	1,188,632	1,187,132	-0.13%
<b>Net Transfers</b>	<b>(1,176,632)</b>	<b>(1,189,132)</b>	<b>(917,836)</b>	<b>(1,357,116)</b>	<b>(1,187,132)</b>	<b>-13%</b>
<b>Net Operations</b>	<b>(279,399)</b>	<b>(491,386)</b>	<b>(607,607)</b>	<b>(174,889)</b>	<b>(197,912)</b>	<b>13%</b>
<b>Capital</b>						
Revenue	-	-	-	-	-	-
Capital Outlay Expense	145,933	429,622	55,383	300,000	495,000	65.00%
Construction Management Expense	-	-	-	-	-	-
Goods & Services Expense	-	-	-	-	-	-
Non-Operating Revenue	325,000	8,850	4,987	-	-	-
Non-Operating Expense	-	-	-	-	-	-
Intrafund Transfers (Exp/Rev)	-	-	-	-	260,000	-
Transfers to (Expense)	-	-	-	-	-	-
Transfers from (Revenue)	-	-	-	-	-	-
<b>Net Capital</b>	<b>179,067</b>	<b>(420,772)</b>	<b>(50,396)</b>	<b>(300,000)</b>	<b>(235,000)</b>	<b>-22%</b>
<b>Fund Balance Inc (Dec)</b>	<b>(100,332)</b>	<b>(912,158)</b>	<b>(658,002)</b>	<b>(474,889)</b>	<b>(432,912)</b>	<b>-9%</b>
<b>Food and Beverage Gross Margin</b>	<b>326,556</b>	<b>183,719</b>	<b>150,105</b>	<b>553,303</b>	<b>359,606</b>	<b>-35%</b>
<b>Food and Beverage Gross Margin %</b>	<b>20.1%</b>	<b>11.4%</b>	<b>21.2%</b>	<b>27.1%</b>	<b>19.3%</b>	
<b>Full Time Employees</b>	<b>13.30</b>	<b>13.3</b>	<b>13.3</b>	<b>13.3</b>	<b>13.3</b>	
<b>Excise Tax</b>	<b>393,566</b>	<b>330,265</b>	<b>160,658</b>	<b>-</b>	<b>-</b>	
<b>Fund Balance</b>						
Beginning Fund Balance				4,732,826	3,957,937	
Fund Balance Inc (Dec)				(474,889)	(432,912)	
<b>Ending Fund Balance</b>				<b>4,257,937</b>	<b>3,525,025</b>	
Unrestricted Fund Balance				-	(300,000)	
Operating Contingency				364,000	364,000	
Stabilization Reserve				186,000	186,000	
Designated for Renewal & Replacement				925,000	775,000	
New Capital/Business Strategy Reserve				2,782,937	2,500,025	
<b>Ending Fund Balance</b>				<b>4,257,937</b>	<b>3,525,025</b>	

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Oregon Convention Center**  
**2012-13 Proposed Budget**

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Adopted Budget	2012-13 Proposed Budget	% Change of Annual Budget
	June-10	June-11	June-12	June-12	June-13	100%
<b>Operating</b>						
Revenue	7,638,067	8,803,510	4,317,261	7,708,519	7,774,734	1%
Revenue - Food and Beverage	9,008,750	10,203,890	5,926,002	8,176,999	8,224,999	1%
<b>Total Operating Revenue</b>	<b>16,646,817</b>	<b>19,007,400</b>	<b>10,243,263</b>	<b>15,885,518</b>	<b>15,999,733</b>	<b>1%</b>
Costs - Food and Beverage	7,556,973	8,415,431	4,620,626	6,642,900	6,880,666	4%
Personal Services	8,422,409	8,768,636	4,572,417	9,184,586	9,224,471	0%
Goods & Services	3,392,821	3,781,524	1,844,381	3,627,246	3,881,641	7%
Marketing POVA	3,058,257	3,038,636	1,541,470	3,067,917	3,138,827	2%
<b>Total Operating Expenses</b>	<b>22,430,460</b>	<b>24,004,227</b>	<b>12,578,895</b>	<b>22,522,649</b>	<b>23,125,605</b>	<b>3%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>(5,783,643)</b>	<b>(4,996,827)</b>	<b>(2,335,631)</b>	<b>(6,637,131)</b>	<b>(7,125,872)</b>	<b>7%</b>
<b>Non Operating</b>						
Transient, Lodging Tax	8,405,157	9,223,725	3,488,731	9,622,667	10,374,528	8%
Non-Operating Revenue	85,742	31,217	41,360	45,608	46,678	2%
Non-Operating Expense	3	-	-	-	2,200,000	#DIV/0!
	<b>8,490,896</b>	<b>9,254,942</b>	<b>3,530,091</b>	<b>9,668,275</b>	<b>8,221,206</b>	<b>-15%</b>
<b>Support and Risk Management</b>						
MERC Administration	1,286,740	1,245,656	679,963	1,165,651	957,878	-18%
Metro Support Services	992,072	1,116,184	707,189	1,212,319	1,351,155	11%
Metro Risk Management	274,083	283,622	331,140	397,366	415,301	5%
	<b>2,552,895</b>	<b>2,645,462</b>	<b>1,718,292</b>	<b>2,775,336</b>	<b>2,724,334</b>	<b>-2%</b>
<b>Net Increase (Decrease)</b>	<b>154,358</b>	<b>1,612,654</b>	<b>(523,832)</b>	<b>255,808</b>	<b>(1,629,000)</b>	<b>-737%</b>
<b>Transfers</b>						
Intrafund Transfers	-	-	-	-	-	-
Transfers to (Expense)	-	-	-	1,004,018	231,000	-77%
Transfers from (Revenue)	-	-	66,180	66,180	2,200,000	3224%
Debt Service (Expense)	139,620	-	-	-	-	-
<b>Net Transfers</b>	<b>(139,620)</b>	<b>-</b>	<b>66,180</b>	<b>(937,838)</b>	<b>1,969,000</b>	<b>-310%</b>
<b>Net Operations</b>	<b>14,737</b>	<b>1,612,654</b>	<b>(457,652)</b>	<b>(682,030)</b>	<b>340,000</b>	<b>-150%</b>
<b>Capital</b>						
Revenue	-	-	-	-	-	-
Capital Outlay Expense	994,583	2,389,158	720,781	2,014,366	1,385,000	-31%
Construction Management	-	-	-	-	-	-
Goods & Services	-	-	-	-	-	-
Transient, Lodging Tax	-	-	-	-	-	-
(use to get net Non-Operating Revenue)	1,350,000	533,414	1,404	-	220,000	#DIV/0!
Non-Operating Revenue	1,350,000	533,414	1,404	-	220,000	#DIV/0!
Non-Operating Expense	-	-	-	-	-	-
Intrafund Transfers (Exp/Rev)	-	-	-	-	90,000	#DIV/0!
Transfers to (Expense)	-	105,931	-	-	-	-
Transfers from (Revenue)	187,252	475,000	-	480,000	-	-
<b>Net Capital</b>	<b>542,669</b>	<b>(1,486,675)</b>	<b>(719,377)</b>	<b>(1,534,366)</b>	<b>(1,075,000)</b>	<b>-30%</b>
<b>Fund Balance Inc (Dec)</b>	<b>557,406</b>	<b>125,979</b>	<b>(1,177,029)</b>	<b>(2,216,396)</b>	<b>(735,000)</b>	<b>-67%</b>
<b>Food and Beverage Gross Margin</b>	<b>1,451,777</b>	<b>1,788,459</b>	<b>1,305,376</b>	<b>1,534,099</b>	<b>1,344,333</b>	<b>-12%</b>
<b>Food and Beverage Gross Margin %</b>	<b>16.1%</b>	<b>17.5%</b>	<b>22.0%</b>	<b>18.8%</b>	<b>16.3%</b>	
<b>Full Time Employees</b>	<b>112.3</b>	<b>110.3</b>	<b>110.3</b>	<b>110.3</b>	<b>110.3</b>	
<b>Excise Tax</b>	<b>1,218,090</b>	<b>1,275,473</b>	<b>719,856</b>	<b>-</b>	<b>-</b>	
<b>Transient, Lodging Taxes as percent of revenue</b>	<b>34%</b>	<b>33%</b>	<b>25%</b>	<b>38%</b>	<b>39%</b>	
<b>Fund Balance</b>						
Beginning Fund Balance				11,552,031	9,565,635	
Fund Balance Inc (Dec)				(2,216,396)	(735,000)	
Fund Balance Inc (Dec) for HQH				-	-	
<b>Ending Fund Balance</b>				<b>9,335,635</b>	<b>8,830,635</b>	
Unrestricted Fund Balance				-	-	
Operating Contingency				1,540,000	1,540,000	
Stabilization Reserve				260,000	260,000	
Designated for Renewal & Replacement				6,200,779	5,685,779	
New Capital/Business Strategy Reserve				1,334,856	1,334,856	
Restricted by Agreement - TLT				-	10,000	
<b>Ending Fund Balance</b>				<b>9,335,635</b>	<b>8,830,635</b>	

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Portland Center for the Performing Arts**  
**2012-13 Proposed Budget**

	2009-10	2010-11	2011-12	2011-12	2012-13	% Change
	Actual	Actual	Actual	Adopted	Proposed Budget	of
	June-10	June-11	June-12	June-12	June-13	Annual
				Budget		Budget
						100%
<b>Operating</b>						
Revenue	6,068,817	5,925,299	3,451,202	7,040,866	6,305,453	-10%
Revenue - Food and Beverage	1,930,102	1,679,877	1,162,009	1,695,865	1,673,373	-1%
<b>Total Operating Revenue</b>	<b>7,998,919</b>	<b>7,605,176</b>	<b>4,613,211</b>	<b>8,736,731</b>	<b>7,978,826</b>	<b>-9%</b>
Costs - Food and Beverage	1,659,824	1,497,220	813,430	1,446,808	1,466,013	1%
Personal Services	5,096,747	5,189,200	2,606,382	5,634,176	5,547,788	-2%
Goods & Services	2,455,342	1,867,774	1,121,161	2,436,398	2,033,991	-17%
<b>Total Operating Expenses</b>	<b>9,211,912</b>	<b>8,554,194</b>	<b>4,540,973</b>	<b>9,517,382</b>	<b>9,047,792</b>	<b>-5%</b>
<b>Net Operating Results Inc (Dec)</b>	<b>(1,212,994)</b>	<b>(949,018)</b>	<b>72,239</b>	<b>(780,651)</b>	<b>(1,068,966)</b>	<b>37%</b>
<b>Non Operating</b>						
Transient, Lodging Tax	1,492,031	1,798,966	533,687	1,532,668	1,882,654	23%
Government Support City of Portland	766,100	767,019	-	784,320	793,408	1%
Non-Operating Revenue	96,923	80,239	48,149	85,006	84,376	-1%
Non-Operating Expense	2,777	2,500	-	2,500	-	-
	<b>2,352,277</b>	<b>2,643,724</b>	<b>581,835</b>	<b>2,399,494</b>	<b>2,760,438</b>	<b>15%</b>
<b>Support and Risk Management</b>						
MERC Administration	857,827	778,535	424,977	728,532	598,674	-18%
Metro Support Services	661,382	697,615	441,987	757,700	844,471	11%
Metro Risk Management	135,122	140,652	215,377	258,452	244,262	-5%
	<b>1,654,331</b>	<b>1,616,802</b>	<b>1,082,341</b>	<b>1,744,684</b>	<b>1,687,407</b>	<b>-3%</b>
<b>Net Increase (Decrease)</b>	<b>(515,047)</b>	<b>77,903</b>	<b>(428,267)</b>	<b>(125,841)</b>	<b>4,065</b>	<b>-103%</b>
<b>Transfers</b>						
Intrafund Transfers	-	-	-	-	-	-
Transfers to (Expense)	-	-	-	614,408	-	-
Transfers from (Revenue)	-	-	28,440	28,440	-	-
<b>Net Transfers</b>	<b>-</b>	<b>-</b>	<b>28,440</b>	<b>(585,968)</b>	<b>-</b>	<b>-</b>
<b>Net Operations</b>	<b>(515,047)</b>	<b>77,903</b>	<b>(399,827)</b>	<b>(711,809)</b>	<b>4,065</b>	<b>-101%</b>
<b>Capital</b>						
Revenue	-	-	-	-	-	-
Capital Outlay Expense	251,556	917,855	361,595	575,000	570,000	-1%
Construction Management Expense	-	117	-	-	-	-
Goods & Services Expense	-	-	-	-	-	-
Non-Operating Revenue	737,221	314,465	92,225	471,675	75,000	-84%
<b>Net Capital</b>	<b>485,665</b>	<b>(603,507)</b>	<b>(269,370)</b>	<b>(103,325)</b>	<b>(495,000)</b>	<b>379%</b>
<b>Fund Balance Inc (Dec)</b>	<b>(29,382)</b>	<b>(525,603)</b>	<b>(669,197)</b>	<b>(815,134)</b>	<b>(490,935)</b>	<b>-40%</b>
<b>Food and Beverage Gross Margin</b>	<b>270,278</b>	<b>182,657</b>	<b>348,580</b>	<b>249,057</b>	<b>207,360</b>	<b>-17%</b>
<b>Food and Beverage Gross Margin %</b>	<b>14.0%</b>	<b>10.9%</b>	<b>30.0%</b>	<b>14.7%</b>	<b>12.4%</b>	
<b>Full Time Employees</b>	<b>46.40</b>	<b>46.40</b>	<b>47.4</b>	<b>47.4</b>	<b>46.4</b>	
<b>Transient, Lodging Taxes as percent of revenue</b>	<b>16%</b>	<b>19%</b>	<b>10%</b>	<b>15%</b>	<b>19%</b>	
<b>Fund Balance</b>						
Beginning Fund Balance				8,490,410	7,975,276	
Fund Balance Inc (Dec)				(815,134)	(490,935)	
<b>Ending Fund Balance</b>				<b>7,675,276</b>	<b>7,484,341</b>	
Unrestricted Fund Balance				-	59,065	
Operating Contingency				300,000	300,000	
Stabilization Reserve				174,500	174,500	
Designated for Renewal & Replacement				5,595,000	5,345,000	
New Capital/Business Strategy Reserve				1,605,776	1,605,776	
<b>Ending Fund Balance</b>				<b>7,675,276</b>	<b>7,484,341</b>	

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**Convention Center Enhanced Marketing Project**  
**2012-13 Proposed Budget**

	2006-07	2007-08 Actual	2008-09 Actual	2009-10	2012-13	% Change
	Actual	Actual	Actual	Actual	Proposed Budget	of
	June-07	June-08	June-09	June-10	June-13	Annual
						Budget
						100%
<b>Operating</b>						
Revenue	0	0	0	0	-	-
Personal Services	-	28,748	21,949	-	-	-
Goods & Services	125,266	971,657	440,707	4,750	400,000	#DIV/0!
<i>Meetings Expense</i>	-	541	85	-	-	-
<i>Developer Agreement I</i>	-	600,028	4,274	-	-	-
<i>Developer Agreement II</i>	-	-	-	-	-	-
<i>Communications Consulting</i>	44,132	56,424	73,758	-	75,000	#DIV/0!
<i>Construction Consulting</i>	-	-	35,684	4,750	-	-
<i>Financial Consulting</i>	-	133,441	70,374	-	75,000	#DIV/0!
<i>Legal Consulting</i>	-	52,194	232,806	-	100,000	#DIV/0!
<i>Management Consulting</i>	23,265	8,836	-	-	50,000	#DIV/0!
<i>Market Consulting</i>	42,035	78,194	23,725	-	50,000	#DIV/0!
<i>Project Management</i>	15,834	41,999	-	-	50,000	#DIV/0!
	<b>(125,266)</b>	<b>(1,000,405)</b>	<b>(462,655)</b>	<b>(4,750)</b>	<b>(400,000)</b>	<b>#DIV/0!</b>
<b>Non Operating</b>						
Transient, Lodging Tax						-
Government Support City of Portland						-
Non-Operating Revenue	-	-	-	-	-	-
Non-Operating Expense	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Support and Risk Management</b>						
Indirect Cost Metro Support	-	-	104,000	-	-	-
MERC Administration	-	-	-	-	-	-
Metro Support Services	-	-	-	-	-	-
Metro Risk Management	-	-	-	-	-	-
	-	-	<b>(104,000)</b>	-	-	-
<b>Net Increase (Decrease)</b>	<b>(125,266)</b>	<b>(1,000,405)</b>	<b>(566,655)</b>	<b>(4,750)</b>	<b>(400,000)</b>	<b>#DIV/0!</b>
<b>Transfers</b>						
Intrafund Transfers						-
Transfers to (Expense)	-	-	-	-	118,633	#DIV/0!
Transfers from (Revenue)	-	669,720	746,146	-	518,633	#DIV/0!
Debt Service (Expense)						-
<b>Net Transfers</b>	<b>-</b>	<b>669,720</b>	<b>746,146</b>	<b>-</b>	<b>400,000</b>	<b>#DIV/0!</b>
<b>Net Operations</b>	<b>(125,266)</b>	<b>(330,685)</b>	<b>179,491</b>	<b>(4,750)</b>	<b>-</b>	<b>-</b>

**Metropolitan Exposition-Recreation Commission**  
**MERC Statement of Activity Budget Report**  
**MERC Administration**  
**2012-13 Proposed Budget**

	<u>2009-10 Actual</u>	<u>2010-11 Actual</u>	<u>2011-12 Actual</u>	<u>2011-12 Adopted</u>	<u>2012-13</u>	<u>% Change</u>
	June-10	June-11	June-12	Budget	Proposed Budget	of Annual Budget
				June-12	June-13	100%
<b>Operating</b>						
Revenue	37,699	11,549	3,427	-	-	-
Personal Services	1,907,883	1,866,526	695,773	1,436,925	1,155,255	-20%
Goods & Services	410,021	288,562	137,087	613,320	559,309	-9%
<b>Net Operating Results Inc (Dec)</b>	<b>(2,280,205)</b>	<b>(2,143,540)</b>	<b>(829,432)</b>	<b>(2,050,245)</b>	<b>(1,714,564)</b>	<b>-16%</b>
<b>Non Operating</b>						
Non-Operating Revenue	43,249	7,031	5,600	4,387	4,068	-7%
Non-Operating Expense	-	-	-	-	-	-
	<b>43,249</b>	<b>7,031</b>	<b>5,600</b>	<b>4,387</b>	<b>4,068</b>	<b>-7%</b>
<b>Support and Risk Management</b>						
MERC Administration	2,382,851	2,224,386	1,214,220	2,081,520	1,710,496	-18%
	<b>2,382,851</b>	<b>2,224,386</b>	<b>1,214,220</b>	<b>2,081,520</b>	<b>1,710,496</b>	<b>-18%</b>
<b>Net Increase (Decrease)</b>	<b>145,896</b>	<b>87,877</b>	<b>390,389</b>	<b>35,662</b>	<b>-</b>	<b>-</b>
<b>Transfers</b>						
Intrafund Transfers	-	-	-	-	-	-
Transfers to (Expense)	-	-	45,430	252,623	-	-
Transfers from (Revenue)	-	-	12,222	12,222	-	-
Debt Service	-	-	-	-	-	-
<b>Net Transfers</b>	<b>-</b>	<b>-</b>	<b>(33,208)</b>	<b>(240,401)</b>	<b>-</b>	<b>-</b>
<b>Net Operations</b>	<b>145,896</b>	<b>87,877</b>	<b>357,181</b>	<b>(204,739)</b>	<b>-</b>	<b>-</b>
<b>Capital</b>						
Revenue	-	-	-	-	-	-
Capital Outlay Expense	101,794	-	-	72,000	47,000	-35%
Construction Management Expense	-	-	-	-	-	-
Goods & Services Expense	-	-	-	-	-	-
Transient, Lodging Tax (use to get net Non-Operating Revenue)	-	492,214	-	-	-	-
Non-Operating Revenue	-	492,214	-	-	-	-
Non-Operating Expense	-	-	-	-	-	-
Intrafund Transfers (Exp/Rev)	-	-	-	-	(350,000)	#DIV/0!
Transfers to (Expense)	-	-	-	-	-	-
Transfers from (Revenue)	-	-	-	-	-	-
<b>Net Capital</b>	<b>(101,794)</b>	<b>492,214</b>	<b>-</b>	<b>(72,000)</b>	<b>(397,000)</b>	<b>451%</b>
<b>Fund Balance Inc (Dec)</b>	<b>44,102</b>	<b>580,091</b>	<b>357,181</b>	<b>(276,739)</b>	<b>(397,000)</b>	<b>43%</b>
<b>Full Time Employees</b>	<b>22.00</b>	<b>20.00</b>	<b>20.0</b>	<b>14.9</b>	<b>11.9</b>	
<b>Excise Tax</b>	<b>1,062</b>	<b>434</b>	<b>251</b>	<b>-</b>	<b>-</b>	
<b>Fund Balance</b>						
Beginning Fund Balance				1,582,581	1,305,842	
Fund Balance Inc (Dec)				(276,739)	(397,000)	
<b>Ending Fund Balance</b>				<b>1,305,842</b>	<b>908,842</b>	
Unrestricted Fund Balance				-	(30,000)	
Operating Contingency				95,335	95,335	
Stabilization Reserve				-	-	
Designated for Renewal & Replacement				718,293	671,293	
Contingency for Renewal & Replacement						
Designated for Phase 3						
Contingency for HQH						
New Capital/Business Strategy Reserve						
Contingency for HQH (PERS Rsvr - Prior)				-	-	
Designated for PERS Reserve - Current				-	-	
Designated for PERS Reserve - Prior				-	-	
Restricted by Contract - Aramark						
Restricted by Agreement - TLT				492,214	172,214	
<b>Ending Fund Balance</b>				<b>1,305,842</b>	<b>908,842</b>	

## FY 2012-13 Reserves

Budget Committee Meeting February 8, 2013

		Expo	OCC	PCPA	Admin	MERC
<b>A. Contingency Reserves:</b>						
1)	Operating Contingency	364,000	1,540,000	300,000	95,335	2,299,335
2)	Stabilization	186,000	260,000	174,500		620,500
	<b>Subtotal Contingency Reserves</b>	<b>550,000</b>	<b>1,800,000</b>	<b>474,500</b>	<b>95,335</b>	<b>2,919,835</b>
<b>B. Accumulation Reserves:</b>						
1)	Renewal & Replacement Reserve Beginning Balance	925,000	5,325,779	5,595,000	718,293	12,564,072
	Annual Contribution to R & R Reserve for FY 2012-13	85,000	875,000	245,000		1,205,000
	Capital request included in proposed budget	(235,000)	(515,000)	(495,000)	(47,000)	(1,292,000)
	<b>Adjusted Renewal &amp; Replacement Reserve</b>	<b>775,000</b>	<b>5,685,779</b>	<b>5,345,000</b>	<b>671,293</b>	<b>12,477,072</b>
2)	New Capital/Business Strategy	2,782,937	1,334,856	1,605,776		5,723,569
	Expo Annual Contribution to R & R Reserve	(85,000)				(85,000)
	Expo Operating Deficit	(197,912)				(197,912)
	<b>Adjusted New Capital Business Strategy Reserve</b>	<b>2,500,025</b>	<b>1,334,856</b>	<b>1,605,776</b>	<b>-</b>	<b>5,440,657</b>
3)	MERC TLT Pooled Capital Account					492,214
	Transfer to Expo Center Capital					(260,000)
	Transfer to OCC Capital					(90,000)
	<b>Adjusted MERC TLT Pooled Capital Account</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,214</b>
4)	OCC Project Balance TLT Capital		230,000			230,000
	Capital request included in proposed budget		(220,000)			(220,000)
	<b>Adjusted OCC Project Balance TLT Capital</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,000</b>

**Visitors Development Trust Fund (FY 2010-11)**  
**Statement of Resources and Obligations**  
 Periods Ending June 30, 2011 and June 30, 2010

	<u>July - June 2011</u>	<u>July - June 2010</u>	<u>% Change</u>
<b>RESOURCES</b>			
Transient Lodging Tax	8,276,478	7,018,585	18%
Motor Vehicle Rental Tax	3,065,062	2,956,573	4%
Interest	23,437	34,357	-32%
Total Revenues	<u>11,364,977</u>	<u>10,009,515</u>	14%
<b>OBLIGATIONS</b>			
Administration Fee	(79,391)	(69,826)	14%
<b>BONDS PAID</b>			
Convention Center Bond Payments	(6,067,712)	(6,038,713)	0%
PCPA Bond Payments	(169,810)	(163,860)	4%
PGE Park Bond Payments	(1,847,438)	(1,895,019)	-3%
Sub-Total Bond Payments	<u>(8,084,960)</u>	<u>(8,097,592)</u>	(0%)
<b>OTHER OBLIGATIONS PAID</b>			
OCC Operating Deficit	(960,000)	(660,000)	45%
Marketing (1)	(419,276)	(413,896)	1%
Fareless Square (1)	(359,380)	(354,768)	1%
VDF Board (1)	(598,966)	(591,279)	1%
Enhanced PCPA Support (1)	(598,966)	(591,279)	1%
Sub-Total Other Payments	<u>(2,936,588)</u>	<u>(2,611,222)</u>	12%
Total Expenses	<u>(11,100,939)</u>	<u>(10,778,640)</u>	3%
Net Income/(Loss)	264,038	(769,125)	-134%
Beginning Balance Stabilization Reserve Funds	<u>1,970,055</u>	<u>2,739,180</u>	-28%
Ending Balance Stabilization Funds	<u><u>2,234,093</u></u>	<u><u>1,970,055</u></u>	13%

(1) CPI increase at 12/31/10 was 1.3%