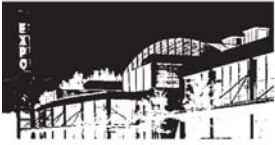

MERC Budget Retreat

November 7, 2018

Oregon Convention Center,
VIP Suite B



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

www.oregonmetro.gov



Metro | *Exposition Recreation Commission*

Agenda

Meeting: MERC Budget Retreat
 Date: Wednesday, November 7, 2018
 Time: 1:00 – 3:00 p.m.
 Place: Oregon Convention Center, VIP Suite B

1:00	1.	INTRODUCTION	Commissioner Kryz-Rusoff
1:05	2.	RETREAT GOALS	Rachael Lembo
1:20	3.	VENUE REPORTS	Rachael Lembo
		Expo Center	Matthew P. Rotchford
		<ul style="list-style-type: none"> • Fund Forecast & Reserves (Lembo) • Status Report: FY 2018-19 Budget Objectives • Future Opportunities & Challenges 	
		Portland's 5 Centers for the Arts	Robyn Williams
		<ul style="list-style-type: none"> • Fund Forecast & Reserves (Lembo) • Status Report: FY 2018-19 Budget Objectives • Future Opportunities & Challenges 	
		Oregon Convention Center	Craig Stroud
		<ul style="list-style-type: none"> • Fund Forecast & Reserves (Lembo) • Status Report: FY 2018-19 Budget Objectives • Future Opportunities & Challenges 	
		MERC Administration	Rachael Lembo
		<ul style="list-style-type: none"> • Status Report: FY 2018-19 Budget Objectives 	
2:50	3.	Commission Budget Process Review	Rachael Lembo
		ADJOURN	

Portland's 5 Centers for the Arts

Strategic Goals

COMMUNITY ENGAGEMENT - We build and engage with our diverse communities as THEIR performing arts center.

CUSTOMER SERVICE - We create welcoming safe spaces for our entire community.

PEOPLE - We cultivate an environment based on Metro values to promote diversity and engagement among our staff and volunteers.

PUBLIC ASSETS - We protect the venues through sound stewardship and fiscal responsibility.

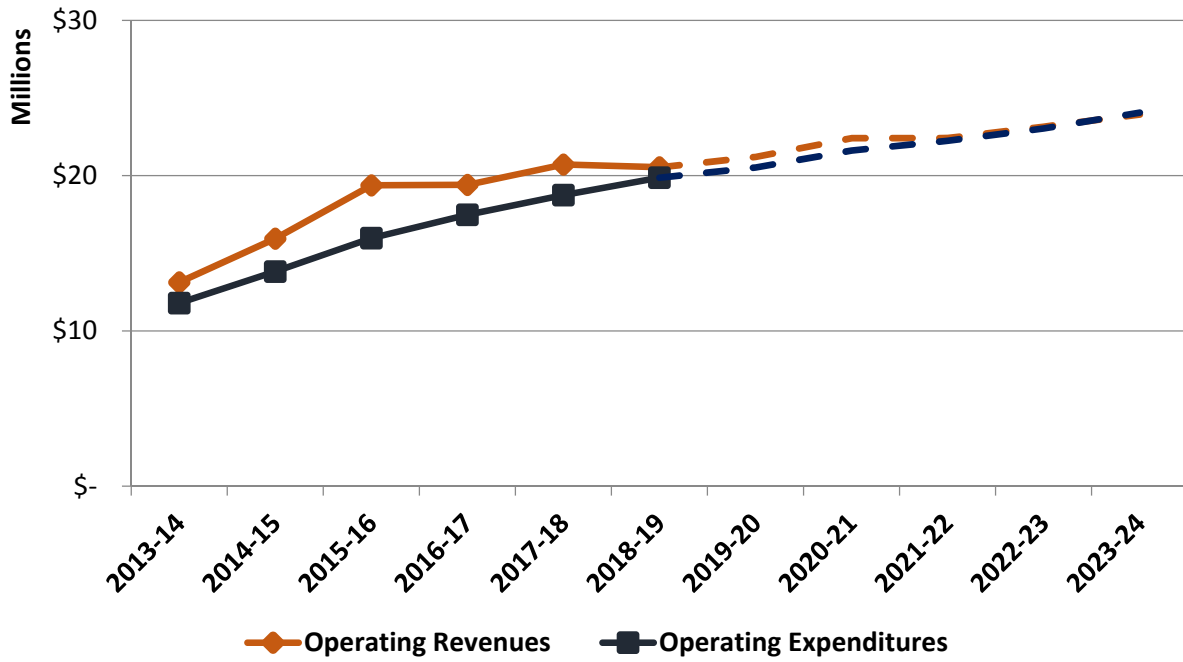
Budget Assumptions

Event related revenue is projected to increase 3.5% a year, with the exception of FY 2020-21 which anticipates the return of Hamilton. The food and beverage margin is expected to stay steady at 25%. Personnel costs will see increases of 4-7% a year, due to wages, PERS and increased business. The average Metro PERS rate is 12.6% in FY 2018-19, and will increase to 16.4% in FY 2019-20, followed by similar biannual increases in the future. Materials and services are expected to increase at 2% a year, with some additional costs in FY 2020-21 with the return of Hamilton.

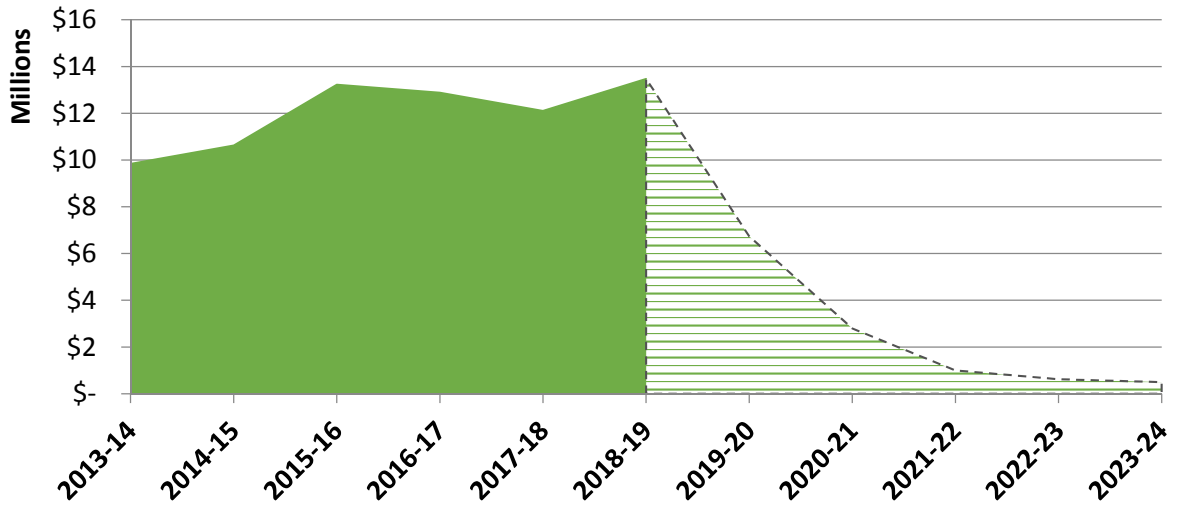
5 Year Forecast Summary (in thousands)

	CAGR							CAGR
	FY14-FY18	FY19	FY20	FY21	FY22	FY23	FY24	
Beginning Fund Balance		12,100	13,470	6,740	2,800	1,000	630	
Event Revenue	14.0%	17,040	17,640	18,880	18,880	19,540	20,220	3.5%
Other Revenue	4.1%	3,490	3,570	3,540	3,550	3,620	3,720	1.3%
Operating Revenues	12.1%	20,530	21,210	22,420	22,430	23,160	23,940	3.1%
Operating Expenditures	12.3%	19,870	20,530	21,620	22,250	23,040	24,070	3.9%
Net Operating		660	680	800	180	120	(130)	
Capital Revenue		6,640	0	0	0	0	0	
Capital Expenditures		5,940	7,410	4,740	1,980	490	0	
Net Capital		700	(7,410)	(4,740)	(1,980)	(490)	0	
Fund Balance Inc/(Dec)		1,360	(6,730)	(3,940)	(1,800)	(370)	(130)	
Ending Fund Balance		13,470	6,740	2,800	1,000	630	500	

Portland's Centers for the Arts - Operating Revenues and Expenditures



Portland's Centers for the Arts - Ending Fund Balance



Portland Expo Center

Strategic Goals

FISCAL RESPONSIBILITY - Increase revenues and manage expenses each year through consistent review, educated risk assessment and short and long-term fiscal strategies as measured by annual budget review.

STAFF ENGAGEMENT AND LEADERSHIP - Create opportunities, welcoming spaces and safe environments to grow staff capacity for equitable learning, development and relationship building as measured by MLC involvement and the yearly Metro Employee Engagement Survey.

FACILITY STEWARDSHIP – Enhance our outstanding stewardship of the event facility through strategic investment, diverse partnerships, and ongoing campus improvements as measured by annual capital budget review and COBID utilization.

CUSTOMER / COMMUNITY RELATIONSHIPS - Amplify our customer service by developing supportive and inclusive community relationships as measured by annual customer service reviews and Metro Diversity and Equity survey and community participation.

Budget Assumptions

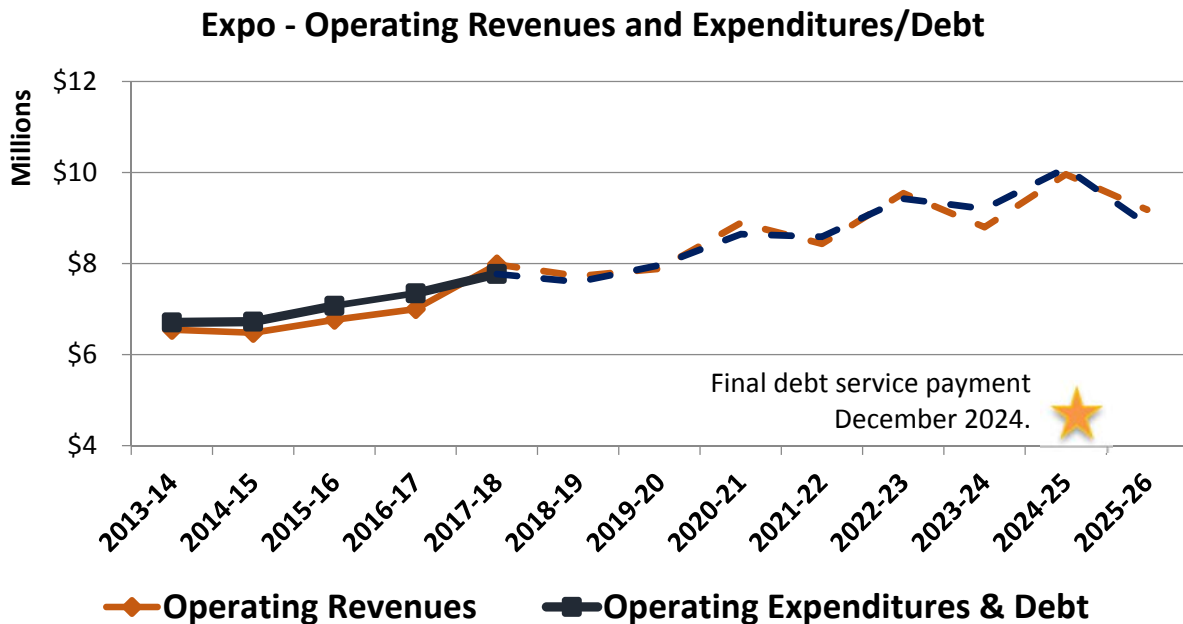
Event related revenue, excluding parking, is projected to increase 3% a year, with a slight bump in FY 2021-22 due to an increase in the potential for clients to be transferred from OCC after the hotel has opened. Cirque du Soleil is expected to return in FY 2020-21 and biannually after that. Parking is projected to be flat for the next two years due to the recent price increase, then see another price increase. The food and beverage margin is expected to stay steady at 20%. Metro support of \$400,000 annually is expected to continue, and while negotiations of the Visitor Facility Intergovernmental Agreement are progressing well the new agreement has not yet been approved so that funding is not included.

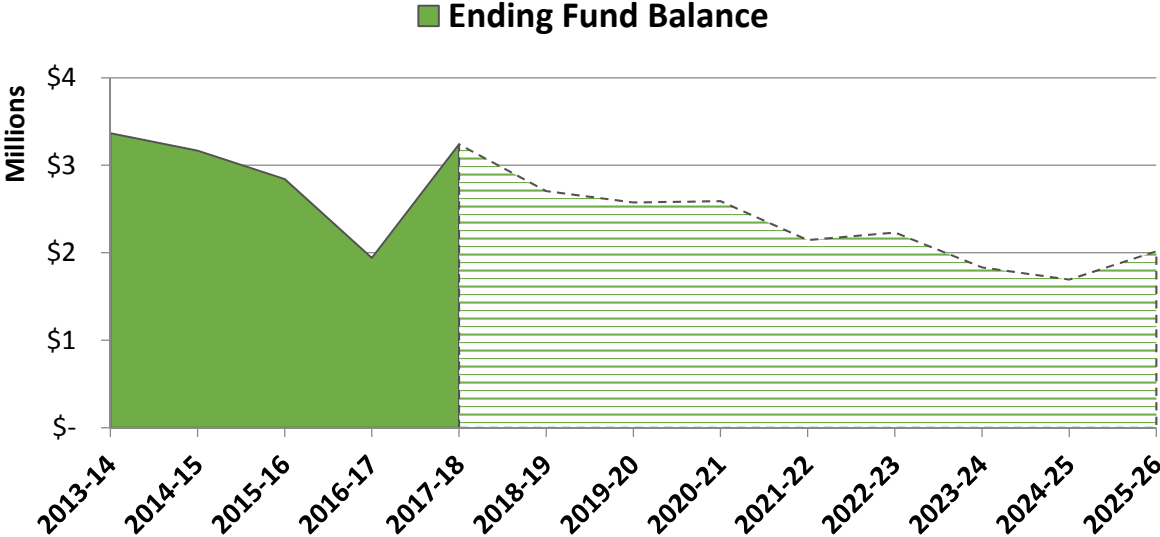
Personnel costs will see increases of 5-8% a year, due to wages, PERS and increased business. The average Metro PERS rate is 12.6% in FY 2018-19, and will increase to 16.4% in FY 2019-20, followed by similar biannual increases in the future. Materials and services are expected to increase at 3% a year, with additional increases in Cirque du Soleil years and when business is projected to increase. The Metro management fee is based on revenues from two years prior, and debt payments are per the debt schedule.

5 Year Forecast Summary (in thousands)

	CAGR							CAGR
	FY14-FY18	FY19	FY20	FY21*	FY22	FY23*	FY24	FY19-FY24
Beginning Fund Balance		3,240	2,650	2,400	2,350	1,870	1,940	
Event Revenue	3.6%	7,250	7,420	8,420	7,960	9,070	8,330	2.8%
Other Revenue		470	470	470	470	470	470	
Operating Revenues	5.1%	7,720	7,890	8,890	8,430	9,540	8,800	2.6%
Operating Expenditures	5.2%	6,580	6,940	7,630	7,570	8,400	8,190	4.5%
Net Operating before debt		1,140	950	1,260	860	1,140	610	
Debt Service		1,020	1,020	1,020	1,020	1,030	1,010	
Net Operating		120	(70)	240	(160)	110	(400)	
Capital Revenue		1,210	1,140	1,130	1,150	1,180	1,220	
Capital Expenditures		1,870	1,200	1,360	1,440	1,220	1,220	
Net Capital		(660)	(60)	(230)	(290)	(40)	0	
Fund Balance Inc/(Dec)		(540)	(130)	10	(450)	70	(400)	
Ending Fund Balance		2,710	2,580	2,590	2,150	2,230	1,830	

*Includes Cirque du Soleil





Oregon Convention Center

Strategic Goals

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

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

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

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

Budget Assumptions

Significant increases in charges for services revenue are projected in FY20-21 and FY21-22, due to the Hyatt Regency Portland hotel opening and rate increases. Food and beverage is projected to increase as well due to the new business. Parking is currently strong and expected to hold steady, but will not have the same large increases due to new parking coming online. The food and beverage margin is expected to stay steady at 22%.

Personnel costs will see increases of 5-8% a year, due to wages, PERS and increased business. The average Metro PERS rate is 12.6% in FY 2018-19, and will increase to 16.4% in FY 2019-20, followed by similar biannual increases in the future. Materials and services are expected to increase at 3% a year, with additional increases in the years new business is expected.

5 Year Forecast Summary (in thousands)

	CAGR							CAGR
	FY14-FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY19-FY24
Beginning Fund Balance		39,860	10,290	6,140	11,460	6,710	8,250	
Event Revenue	9.0%	29,800	29,800	31,880	35,070	36,120	37,930	4.9%
Other Revenue	3.5%	14,500	15,310	16,300	16,910	17,390	17,950	4.4%
Operating Revenues	6.8%	44,300	45,110	48,180	51,980	53,510	55,880	4.8%
Operating Expenditures	5.6%	41,270	41,590	43,930	47,230	48,990	51,920	4.7%
Net Operating		3,030	3,520	4,250	4,750	4,520	3,960	
Capital Revenue		6,660	6,460	6,420	6,510	6,710	6,920	
Capital Expenditures		39,260	14,130	5,360	16,010	9,690	9,690	
Net Capital		(32,600)	(7,670)	1,060	(9,500)	(2,980)	(2,770)	
Fund Balance Inc/(Dec)		(29,570)	(4,150)	5,310	(4,750)	1,540	1,190	
Ending Fund Balance		10,290	6,140	11,460	6,710	8,250	9,440	

