

### Summary of Department Budget for FY26-27 Proposed Budget

Portland's Centers for the Arts brings nearly 800 music, theatre, dance, and lecture performances to Portland each year. Every performance is an invitation: to laugh, to reflect, to be inspired, and to share in the extraordinary experience of live art. Whether it's a world-class symphony, an intimate theatre production, a riotous comedy show, or a lecture that sparks new ideas, we bring people together to experience magic.

Among the largest performing arts centers in the country, Portland's keeps art and culture thriving in the region. We operate the Arlene Schnitzer Concert Hall, Keller Auditorium, and Antoinette Hatfield Hall, which includes the Newmark, Dolores Winningstad, and Brunish Theatres. The buildings are owned by the City of Portland and operated by Metro under an intergovernmental agreement.

- **Major Programs:** Portland's is home to five resident companies including the Oregon Symphony, Portland Opera, Oregon Ballet Theatre, Oregon Children's Theatre, and Portland Youth Philharmonic, and host other local arts groups, Broadway Across America, and commercial events.

Portland's also does a small amount of in-house programming. The Department of Culture & Community initiates socially, culturally, and politically relevant programming by rooting decision-making processes within our local communities. Portland's Presents offers free summer performances with our Music on Main series and presents other events with the goal of increasing theatre usage and raising net revenue.

- **Funding Sources:** Total P's revenue in the FY26-27 budget is \$26.3 million. The majority \$22.4 million (85 percent) of this revenue is either client-driven, such as theatre rental and reimbursed labor, or patron-driven, such as ticket service charges and food and beverage sales.
  - Additional funding sources include:
    - **Government Support:** \$3.5 million (13 percent) from the Visitor Facilities Trust Account (VFTA) and City of Portland
    - **Other Support:** \$442,000 (2 percent) from interest earnings and miscellaneous sources

Event-related revenues are projected to be \$756,000 (3 percent) lower than the current fiscal year. This reduction is driven by fewer weeks of Broadway Across America programming compared to historic averages (9 weeks vs. 14 weeks), the continued absence of Oregon Children's Theatre, which is experiencing financial challenges, and a reduced number of commercial concert and comedy events.

Commercial concert and comedy bookings are slowing in the current fiscal year, and we anticipate further declines beginning in 2027 with the opening of two new commercial theatres: Live Nation's venue at the east end of the Hawthorne Bridge and AEG/Monqui Presents venue at Lloyd Center.

# Proposed Budget - Department Overview

## FY 2026-27



Portland's Centers for the Arts, 3/16/2026

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VFTA support is forecasted to decrease \$38,000 (6 percent) from the current fiscal year, due to lower hotel tax revenues.

- **Accomplishments/work over the fiscal year:**
  - **Management Transition:** Metro and the City of Portland are developing a plan to transition P'5 operations to the City in July 2027. The City is running a Request for Interest (RFI) process to gather ideas about potential future operating models for P5. We are actively planning to transfer operations to City management, but the result of the RFI could lead the City to run a Request for Proposal (RFP), and potentially contract management to a non-profit or for-profit entity. We are focused on providing clear and timely communications to staff as these decisions are made.
  - **Facility Condition Assessment (FCA):** Portland's FCA executive summaries were released in late February 2026. The FCAs estimate 30-year capital costs of \$83 to \$156 million for Antoinette Hatfield Hall and \$87 to \$161 million for the Arlene Schnitzer Concert Hall, and 10-year capital costs of \$10 to \$19 million for the Keller Auditorium. Given recent City of Portland discussions about either the replacement or renovation of the Keller Auditorium, the assessment only forecast ten years into the future. The assessments note that several major assets have been replaced or rehabilitated in recent years, and that strong maintenance practices have helped keep systems operational. Full reports with additional details on these findings and recommendations are expected in mid-April.
  - **Adjustment to decreased staffing:** In FY26, Portland's reduced FTE by 12 positions, 17 percent of full-time staff. This year we have adjusted to a smaller team by re-thinking our work to be more efficient and focusing on essential event services. Our variable hour event-driven staff were not impacted by the reduction in force and continue to support our events.
- **Total Costs (appropriations budget)**
  - P'5's \$26.3 million of FY26-27 operating expenses breakdown as follows:
    - **Personnel Services:** \$12.3 million (47 percent)
    - **Materials and Services:** \$9.3 million (35 percent)
    - **Cost Allocation Plan for Central Services:** \$4.6 million (18 percent)
  - Expense increases were limited to those necessary to ensure successful management of events.
  - One FTE position is unfunded and one limited duration position ends in FY25-26.
  - The FY26-27 budget includes an operating gain of \$33,000.
- **Staffing to support proposed service level**
  - P'5 has 61 full-time equivalent (FTE) positions budgeted for FY26-27. Only 59 positions are funded.
  - P'5 events are supported by hundreds of event-driven variable hour and part-time staff.

### Ongoing Department Growth and/or Reductions included in FY26-27 Proposed Budget

Rental rates are increasing 3 percent and labor billing rates are increasing 1-7 percent (most 3-5 percent). Local art groups have been notified. These increases balance the need to generate revenue to cover costs and the desire to limit rate increases on clients already facing financial challenges. Portland's provides various discounts to non-profit clients, most significantly on theatre rental rates: 70 percent discount for resident companies, 50 percent discount for featured tenants, and 20 percent for other non-profits.

### **Highlighted Significant Changes from FY25-26 Budget**

Portland's continues to face rising operational costs and lower event and attendance levels. The FY25-26 budget made many adjustments to address and realign the growing gap between revenues and expenses. With these changes made in the prior year, the FY26-27 budget is similar to the FY25-26 budget, though the operating margin has narrowed.

**Any Other Overall Impacts that Require Council Direction and/or Attention : N/A**