

IN CONSIDERATION OF RESOLUTION NO. 26-02, FOR THE PURPOSE OF APPROVING RENTAL RATES AT PORTLAND'S CENTERS FOR THE ARTS FOR FISCAL YEAR 2027-2028.

Date: March 11, 2026

Prepared by: Rachael Lembo, Executive Director Portland's Centers for the Arts

Department: Portland's Centers for the Arts (Portland's)

Presenter(s): Rachael Lembo, Executive Director Portland's Centers for the Arts

Meeting Date: April 1, 2026

Length: 10 minutes

ISSUE STATEMENT

Rental rates are adjusted annually and approved by MERC. While Portland's will transition to a new operator on July 1, 2027, the booking department will begin contracting events for summer 2027 now. Setting FY2027-28 rates ensures Portland's can continue booking to support a smooth transition to a new operator.

In setting new rates, Portland's looks at operational costs, rates charged by comparable venues, and the impact of rate increases on non-profit arts organizations. Portland's aims to balance fiscal responsibility with venue accessibility.

Portland's uses a tiered system for rental rates:

- Tier 1: Commercial rates
- Tier 2: Non-profit rates, 20% discount from Tier 1
- Tier 3: Featured tenants, 50% discount from Tier 1
- Tier 4: Resident companies, 70% discount from Tier 1

Tier 1 and Tier 2 clients pay a flat rate or a percentage of adjusted gross ticket sales for performances, whichever is greater. Tier 3 and Tier 4 clients pay a flat rate.

Portland's proposes 3% annual increases to the flat rental rates for FY2027-28. There is no proposed change to the percentage charged on adjusted gross ticket sales, currently 10% for Tier 1 and 5% for Tier 2.

In addition, Portland's is proposing to eliminate the "Half House Performance Evening" rate. This rate, previously available to Tier 1 and Tier 2 clients at Keller Auditorium and Arlene Schnitzer Concert Hall, provided a nearly 25% discount off the standard evening performance rate for events anticipating lower attendance. However, events with lower attendance also generate lower patron-driven revenues, and Portland's is no longer able to

financially sustain this rental discount. Only one client has utilized this rate within the past two years, and that client has been informed of the proposed change.

Other significant event charges include ticketing (e.g. service charges and user fee) and pass-through costs (e.g. event labor and production charges). These rates are set by Portland's as part of the annual budget process.

ACTION REQUESTED

Adoption of Resolution 26-02 which will increase rental rates for FY2027-28 as shown in Attachment A.

BACKGROUND AND ANALYSIS

In 1995, the Commission established criteria that would allow for four tiers of rental rates at Portland's facilities: resident company, preferred non-profit (featured tenants), non-profit and commercial in 1998. The rates were based on a percentage of the commercial base rate. The Commission approved an extension of these four tiers that are in effect today.

In June 2002, the Commission approved an increase of rental rates by CPI for every year beginning July 1, 2002 for all P5 users. At the time CPI was running at 3% and continued to do so for several years so this became the standard annual increase for all rent.

In June 2009, the Commission approved a "0%" increase for the resident companies and non-profit user groups for FY09-10 and FY10-11, but allowed increases by CPI or a minimum of 3% going forward.

In March 2020, the Commission approved rental rate increases for all tiers. Commercial rates increased 30%, non-profits increased 15%, featured tenants increased 20% and resident companies increased 30%.

In June 2020, due to forced closures as the result of COVID-19, the Commission suspended the March increase and froze rates for non-profits and resident companies.

In April 2022, the Commission approved commercial rate increases of 3% per year for three years, FY2022-23 through FY2024-25. In addition, the Commission approved an adjustment to the non-profit arts organizations rates to be a percentage of the commercial rate: Non-profit (Tier 2) discounted 20%, Featured tenants (Tier 3) discounted 50%, and Resident companies (Tier 4) discounted 70%. The changes to the non-profit arts organization rates were implemented over the same three-year period.

In February 2025, the Commission approved 3% increases for FY25-26 and FY26-27 for all tiers.

FISCAL IMPACT

The proposed 3% increase to flat rental rates will result in an estimated \$45,000 of additional revenue in FY2027-28.

ATTACHMENTS

Attachment A – Portland’s Centers for the Arts Rental Rates for FY2027-28

RECOMMENDATIONS

Staff recommends that the Metropolitan Exposition Recreation Commission adopt Resolution 26-02, For the purpose of approving rental rates at Portland’s Centers for the Arts (Portland’s) for Fiscal Year 2027-2028.