

Metropolitan Exposition Recreation Commission

Memorandum

Date: November 5, 2025

To: Commissioner Karis Stoudamire-Phillips, Chair
Commissioner Damien Hall, Vice Chair
Commissioner Deidra Krys-Rusoff, Secretary-Treasurer
Commissioner Chris Oxley
Commissioner Dañel Malán- González
Commissioner Deanna Palm
Commissioner David Penilton
Councilor Gerritt Rosenthal

From: Ashley Sloan - MERC Finance Manager

Subject: Five-Year Forecast - FY2026-27 to FY2030-31

The MERC Venues are pleased to share the FY27 Five-Year Financial Forecasts, a key tool used to inform and shape the annual venue budgets. Each cycle begins with a comprehensive review of each venue's performance expectations, anticipated changes, and emerging opportunities and challenges over the next five years.

These forecasts are not a prediction of exact outcomes, but a thoughtful analysis based on available data and assumptions as of fall 2025. We approached the forecasts using conservative and cost-conscious approaches, with no new programs or staffing positions included. Recent revenue performance and future expectations result in likely constrained lodging tax collections and enterprise revenues. Importantly, projected negative fund balances in future years underscore the critical need for early planning and timely corrective action.

During the Budget Retreat on November 5th, each venue will present its forecast, discuss opportunities and risks, and describe implications for future financial sustainability.

Oregon Convention Center

FY27 Five-Year Forecast

Assumptions

Event Revenue: Projections are based on the bookings pipeline over the next five years. Expectations are for continued soft event counts and revenues in FY27 and FY28, with growth rates projected at 0% and 3%, respectively. Gradual recovery is assumed to begin in FY29 marked by a 5% increase in revenue. The forecast concludes with a strong performance anticipated in FY30 and FY31, with revenue growth projected annually at 8%.

Non-event Revenue: Visitor Facilities Trust Account (VFTA) lodging and motor vehicle tax collections expected to increase 2.5% with CPI.

Materials and Services: Annual cost increases are projected at 3%, consistent with inflationary trends and contractual obligations.

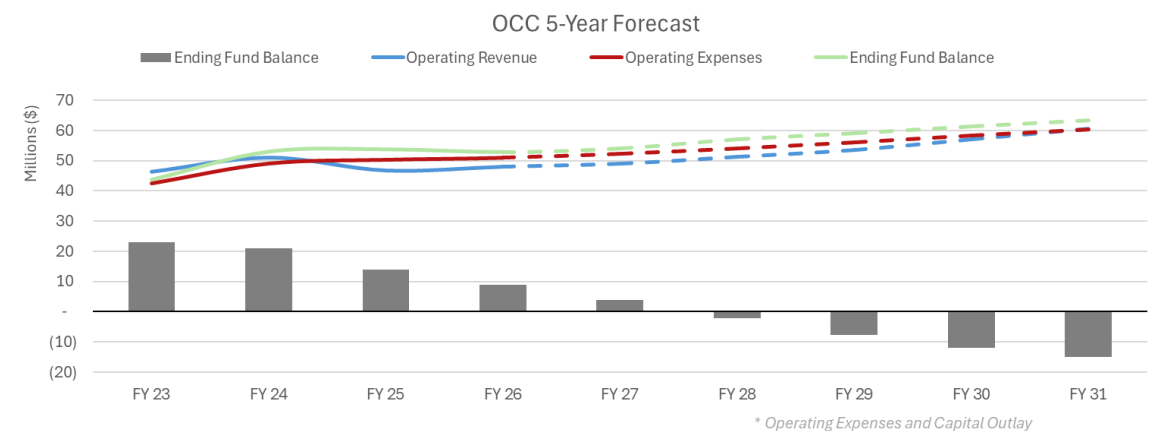
Personnel: Personnel costs are forecasted to rise between 3–5% annually. Variable hour forecasts are aligned with expected event activity levels for each year.

Cost Allocation Plan (CAP): The cost allocation plan is forecast to increase 5% each year. Historically, CAP has ranged from 17-20% of operating expenses (personnel and materials & services) in recent years and is forecast at 20% throughout the 5-year forecast.

Capital Projects: Capital investments are limited by fund balance and reserve requirements. There are many more project needs that fund balance and resources will support.

Transient Lodging Tax (TLT) Pooled Capital: The forecast anticipates the return of TLT pooled capital supporting OCC capital projects in FY28.

Fund Balance: The forecast incorporates targeted revenue increases, cost containment measures, and a limit on capital spending. With a lean operating model, OCC is still forecast to have a negative fund balance in FY28. New revenue streams or capital funding sources will need to be identified to close this gap.



Portland Expo Center

FY27 Five-Year Forecast

Assumptions

Event Revenue: This forecast reflects strategic efforts to expand the client base and includes the anticipated return of Cirque du Soleil in FY28 and FY30. These engagements are expected to drive revenue growth of approximately 12% in each respective year, based on historical performance benchmarks. Revenue projections for FY29 through FY31 also account for increased contributions from sporting events, which are expected to generate an additional 3% annual growth. These events will be made possible by the FY26 equipment and infrastructure investment. In addition to event trends, pricing adjustments have been made to better align with the true cost of event support and will boost profit margins.

Non-event Revenue: Visitor Facilities Trust Account (VFTA) lodging and motor vehicle tax collections expected to increase 3%. Pre-pandemic estimates included an additional \$175,000 in escalations. To be conservative, we are forecasting \$669,000, due to the slow recovery of tourism.

Materials and Services: Annual cost increases are projected at 3%, consistent with inflationary trends and contractual obligations.

Personnel: Personnel costs are forecasted to rise between 3–5% annually. Variable hour forecasts are aligned with expected event activity levels for each year.

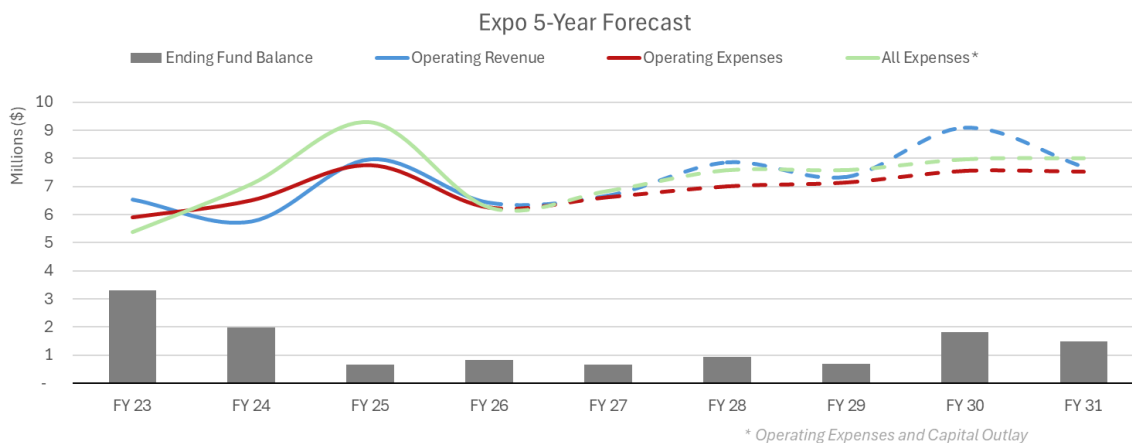
Cost Allocation Plan (CAP): The cost allocation plan is forecast to increase 5% each year. Historically, CAP has ranged from 17-20% of operating expenses (personnel and materials & services) in recent years and is forecast at 20% throughout the 5-year forecast.

Capital Projects: Capital investments are limited by fund balance and reserve requirements. There are many more project needs, but the reserve can only support \$300-600,000 per year in spending.

Sports Future Transition: Expo is actively developing an operating model that expands on sports tourism. This strategic shift is reflected in long-term revenue projections.

Transient Lodging Tax (TLT) Pooled Capital: This forecast anticipates the return of TLT pooled capital at Expo starting in FY28.

Fund Balance: Maintaining a healthy fund balance remains a priority. This forecast supports a conservative financial approach, limiting capital expenditures to preserve a minimum reserve of \$500,000 over the next five years.



Portland's Centers for the Arts

FY27 Five-Year Forecast

Assumptions

Event Revenue: There are several factors affecting the revenue projections for Portland's. We are forecasting 11 weeks of Broadway in future years. This is lower than the 14 weeks in FY26, but much closer to the average we expect. In addition, concert and comedy bookings are down slightly from FY25, a trend that is expected to continue in FY27. As a result, FY27 event revenue is expected to be down 5% from the FY26 budget. In anticipation of two new venues (Live Nation on SE Water Ave and AEG/Monqui at Lloyd Center) entering the market in spring FY27, event revenue is projected to decrease by 3% in FY28. From FY29 through FY31, revenue is expected to resume growth at a rate of 3-5% annually.

Non-event Revenue: Visitor Facilities Trust Account (VFTA) lodging and motor vehicle tax collections and City of Portland support are projected to increase 3% annually from FY26 levels. Pre-pandemic estimates of VFTA support included escalations to \$1 million in FY24 and \$1.5 million in FY29. However, to be conservative, we are forecasting \$705,000 to reflect the slow recovery of tourism.

Materials and Services: Annual cost increases are projected at 3%, consistent with inflationary trends and contractual obligations.

Personnel: Personnel costs and PERS are forecasted to rise between 3–5% annually. Variable hour forecasts are aligned with expected event activity levels for each year.

Cost Allocation Plan (CAP): The cost allocation plan is forecast to increase 5% each year. Historically, CAP has ranged from 17-20% of operating expenses (personnel and materials & services) in recent years and is forecast at 20% throughout the 5-year forecast.

Capital Projects: There is insufficient funding for necessary capital projects. The forecast includes a yearly amount based on FY19 – FY25 average annual spend of \$3 million.

City of Portland Transition: It is assumed that P's will return to City of Portland management at the start of FY28. While this shift does not carry direct financial implications in the forecast, it is expected to result in significant non-financial impacts. This transition is indicated by a blue dotted line on the forecast graph.

Fund Balance: This forecast anticipates the continued trend of expenses outpacing revenue and continued capital maintenance needs. Even with a lean operating model, P's is forecast to have a negative fund balance in FY29. New revenue streams or capital funding sources will need to be identified to close this gap.

Portland'5 5-Year Forecast

