

Meeting Minutes

Meeting details:

Meeting: Metropolitan Exposition Recreation Commission Meeting and Budget Retreat
Date: November 6, 2024
Time: 12:30pm - 2:30 pm
Place: Oregon Convention, Room C124 | Zoom

Commissioners present:

Chair Karis Stoudamire-Phillips, Damien Hall, Deidra-Krys-Rusoff, Chris Oxley, Dañel Malán, and Deanna Palm

Commissioners excused:

David Penilton

Call to Order and Roll Call

Chair Stoudamire-Phillips called the meeting to order at 12:4pm

Public Communication

None

Commission / Council Liaison Communication

Councilor Gerritt Rosenthal: Council staff are currently drafting a resolution that calls for the creation of a work group to evaluate short term fixes as well as the overall long-term perspectives for P5

General Manager Communications

Craig Stroud: The P5 resolution directs creating a work group with Council, City of Portland, and Metro staff along with labor, arts users, and community user representatives. They will provide recommendations around short and long-term challenges and opportunities, and structural issues that would require renegotiation of the IGA

Metro Council and MERC will hold a joint work session on December 10th to hear Expo Future committee recommendations around historic preservation, sports pivot and funding

Acknowledged Paul Slyman's upcoming retirement and highlighted his significant contributions to Metro and the Expo Future project

Acknowledged Jeff Miller's retirement and highlighted his service to the city, Metro and MERC

Consent Agenda

Consideration of the October 2, 2024 MERC Meeting Minutes

This item was approved.

Consideration of the October 17, 2024 MERC Special Meeting Minutes

This item was approved.

Budget Retreat and 5-Year Forecast

Commissioner Kryz-Rusoff: introduced the presentation; outlined challenges around PERS expenses, wage pressures, and political uncertainty, and highlighted opportunities around new leadership and fresh perspectives on the work ahead

Brian Kennedy: shared a macro level overview including GDP growth and other key economic indicators

Commissioner Kryz-Rusoff: we are likely going to see the current downward trend in inflation reaccelerate back up to about 3.5% according to a top-rated analyst firm

Portland'5

Brian Kennedy: shared the 5-year forecast

Commissioner Oxley: asked about the data driving the trend lines around cost and labor escalation

Brian Kennedy: most labor contracts have a cost-of-living adjustment built in as well as yearly employee step increases, so our normal cost increase tends to be in that 5% range

Commissioner Oxley: reiterated that increases are predominately labor related

Brian Wilson: shared opportunities such as new leadership, staff development investments, data driven decision making, community engagement and capital bond funding. Challenges include fiscal operating deficit and unfunded capital projects, political unknowns of the Keller replacement and IGA, and organizational change

Commissioner Kryz-Rusoff: asked about any openness to schedule changes for our user groups and resident companies

Brian Wilson: shared that they understand our situation, but they are struggling too. Their main focus is around a full return of their patrons. We are focused on strengthening relationships and deepening conversations. They have expressed no desire to make any calendar changes or venue adjustments to scale to their current audience numbers

Commissioner Kryz-Rusoff: wants to ensure our partners at the city are aware of this forecast

Commissioner Oxley: asked how they arrived at \$42 million in capital projects over the next 5 years

Brian Wilson: noted the number includes all P5 venues including the Keller, and through a prioritization matrix it was highlighted that any of these 87 projects could have to escalate at any time

Commissioner Oxley: has the city conducted an independent facilities assessment in line with these numbers today?

Brian Wilson: there is no appetite for an SCA on the current Keller. We have 84 known projects and need a facility conditions assessment, and the reality is those projects can be even higher

Commissioner Palm: I'm not sure how this works structurally. Is there any way to charge enough to keep in alignment within a competitive environment? When do we start discussing the structural problems?

Brian Kennedy: the discussion needs to be held now. We don't have enough reserves to play those five years out. We need P5 to bring in a balanced budget this year

Brian Wilson: we are seeing an imbalanced dynamic where our calendar usage is geared towards support of the arts rather than seeking new revenue and we're not receiving any state funding. Commercialization often brings our more diverse audiences

Commissioner Malan: it's important to know that the arts are not intended to be a business. The arts are for people's humanity, to be transformative, and to bring culture to a city. Portland is one of the worst cities for funding the arts. There should be more city support for the arts.

Commissioner Kryz-Rusoff: highlighted the deficit lines diverging and noted that P5 has performed more shows and done more in the last year than they ever have and we're still at this level

Commissioner Oxley: You're not going to outperform from a revenue perspective to fill this gap. The faster we come to terms with that, the more robust conversation we can have with the city about the performance value proposition of these venues and urban arts, where does MERC and Metro fit into that conversation, and how do you manage this backlog of maintenance

Commissioner Hall: what is the next contingency plan beyond the budget if we miss projections one way or the other given our situation

Brian Wilson: conversations are happening, and we are evaluating where we can make cuts and still be able to operate

Brian Kennedy: we would work with P5 in the budget process making sure that we have scenarios that we can react to if the circumstances change

Commissioner Malan: If there's any legal room for negotiations with the church, that would be another place where the city could be helpful

Brian Kennedy: I think if the Commission desires to have that conversation, that's probably something we should do in executive session under the advice of OMA

Chair Stoudamire-Phillips: this is the first time in a long while where there's an appetite for city staff to work with us and make a different decision if that needs to happen

Expo Center

Brian Kennedy: shared the 5-year forecast

Matthew Rochford: shared opportunities such as Levy investment, maximizing per cap spending, dynamic pricing to drive parking revenue, employee engagement and retention, and the sports pivot. Challenges include lack of developing consumer public shows, funding gap for capital projects and

deferred maintenance, drop in concert revenues, uncertainty and rate pressure, and campus changes

Commissioner Krys-Rusoff: highlighted similar issues to P5 around capital projects and deferred maintenance and noted we must find a way to address

Oregon Convention Center

Brian Kennedy: shared the 5-year forecast

Cindy Wallace: shared opportunities highlighting process optimization, recruitment strategy, technology investment, and strengthening staff retention. Challenges include future pace, booking window, consumer sentiment and labor constraints and service levels.

Commissioner Krys-Rusoff: the booking window was three to five years, now it's one to three. Is that just for OCC or is that national a national trend?

Cindy Wallace: I believe it's a national trend

Brian Kennedy: shared a financial summary highlighting that expenditure growth has outpaced revenue growth, structural problems that were obscured by the pandemic have become clear again, each venue has distinct challenges, but commonalities are inflation, lagging revenue growth, and slower than expected TLT recovery

Damein Hall: requested a companion piece to the projections on expense and revenue on how those projections impact the reserves

Chair Stoudamire-Phillips: requested a comprehensive list of the capital improvement and deferred maintenance lists be sent to the commission.

Adjourn

There being no further business, Chair Stoudamire Phillips adjourned the meeting at 2:02 p.m.

The Commission entered executive session for the purpose of deliberations of persons designated by the Commission to conduct labor negotiations

- *Minutes submitted by Amy Nelson*