

MERC Venues Financial Update

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Department: MERC
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ISSUE STATEMENT

The MERC venues have been closed to large public gatherings due to the COVID-19 pandemic since March 13, 2020. Event-related revenue in FY2019-20, expected to exceed \$56 million, was reduced to \$37 million. Even while our spaces are dark the venues teams are busy - managing future business, maintaining our buildings, and planning for reopening.

Despite significant staffing and other cost reductions, the venues face severe financial challenges until they're able to reopen for large events. CARES Act funding from the State of Oregon and City of Portland have provided relief, but current fund balance may not be sufficient to support operations until it is safe to reopen.

Our updated financial scenarios consider an extended event ban, identify financial gaps and review the impact of possible solutions to sustain the venues. The venue teams and Metro leadership are reviewing options, which will result in a future budget amendment for Metro Council consideration.

ACTION REQUESTED

Staff will seek approval of a budget amendment this fall.

IDENTIFIED POLICY OUTCOMES

The MERC venues provide economic and cultural benefits to the Metro region, and are an important part of the region's recovery. Sustaining our current operations will allow the venues to prepare for a smooth reopening, eventually inviting local residents and out-of-town visitors back into our meeting rooms, exhibit halls and theaters.

POLICY QUESTION(S)

Do Metro Council and the MERC support our intention to find financial solutions to continue current operations and prepare for eventual reopening?

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

The MERC venues are comprised of the Oregon Convention Center (OCC), Portland's Centers for the Arts (Portland's) and Portland Expo Center (Expo). OCC is designed to maximize economic benefit for the state and region by attracting out-of-town visitors to conventions and local residents to special events and trade shows; Portland's is the cultural hub for the region hosting a variety of performances and entertainment events in its multiple theatres; and Expo is the region's primary destination for public events and consumer shows, some of which have been held there for 50 years.

The individual and aggregate contributions each makes towards the region's economy is powerful and significant: along with the Oregon Zoo, the venues stimulate more than \$875 million in direct and indirect regional spending which supports more than 8,000 total jobs, based on the most recent economic report from FY 2018-19. Combined, the venues hosted approximately 1,500 events/performances in FY 2018-19 that attracted 3.4 million people and offered a wide range of experiences for visitors and residents – contributing to the quality of life for the region and beyond.

BACKGROUND

The MERC venues presented initial financial implications of the COVID-19 pandemic to Metro Council on April 28, 2020, and subsequently submitted an amendment to the FY20-21 budget.