

## Cultural venues add more than \$500M to economy

Portland Business Journal - by [Wendy Culverwell](#) Business Journal staff writer

Quick: What does MERC stand for?

The answer: Metropolitan Exposition Recreation Commission. It doesn't exactly roll off the tongue, but the facilities it manages are iconic:

1 [The Oregon Convention Center](#).

1 [The Portland Expo Center](#).

1 [The Portland Center for the Performing Arts](#), which includes Keller Auditorium, the Ariene Schnitzer Concert Hall and the three theaters in Antoinette Hatfield Hall.

Together, the facilities accounted for \$534.46 million in economic activity in the 2008 fiscal year and supported 5,810 local jobs, according to a first-ever study of MERC's role in the region's economy. MERC, an agency of Metro, the regional government, manages the publicly owned facilities on an annual budget of \$40 million.

Of that, 70 percent derives from earnings and the balance is provided chiefly by taxes on visitors.

With a business-oriented chief executive, MERC is asserting its role as an important player in the region's economy and as an engine for economic growth.

David Woolson, a former entertainment industry executive who joined MERC in 2007, ordered the impact study to quantify the importance of the facilities. The information will serve as a baseline for business planning.

If MERC were an agricultural commodity, it would be second only to Oregon's \$1.04 billion nursery industry.

At \$534.46 million, the MERC facilities have an impact worth about five percent more than Oregon's \$507 million grass seed industry, the second largest commodity.

The \$30,000 economic impact study was conducted for MERC by [Crossroads Consulting Services](#), a Tampa, Fla.-based consultant with expertise in economic impact analysis.

"For me, it is a very important metric to keep," Woolson said.

The study indicates, not surprisingly, that the Oregon Convention Center is the star performer of MERC's three big property groups. The convention center accounted for \$441.5 million in activity, which in turn supported 4,760 jobs. The Portland Exposition Center was responsible for nearly \$37.2 million in spending and 420 jobs.

The five theaters that fall under the umbrella of the Portland Center for the Performing Arts generated approximately \$55.8 million in spending, supporting 630 positions.

That is a figure worth noting, Woolson said.

"There is a return on investment to the arts," he said. "Can we afford to invest in the arts? You can't afford not to."

Tim Priest, CEO of [Greenlight Greater Portland](#), a private economic development initiative, said MERC's cultural venues are key to attracting business and talent.

"They're part of the cultural offerings that make smart, educated people want to live here."

Northwest Business for Culture & The Arts, which promotes arts-related philanthropy, studied the impact of arts on Portland two years ago and concluded that direct arts-related spending came to more than \$318 million, which includes everything from restaurants and hotels to baby sitters and souvenirs.

"People would wring their hands if a company that size left town," said Virginia Willard, executive director.

Willard is glad to hear MERC discussing how the arts promote economic development.

"This is a message that we deliver," she said.

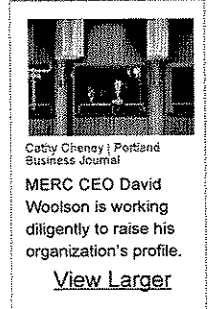
MERC isn't just tallying up the numbers. It's using them to guide its business plan. For the first time, MERC is taking an active role in organizing an event at the convention center, a sustainability conference slated for June.

It also moved the [Oregon Children's Theater](#) from Keller Auditorium, which has 2,992 seats, to the smaller [Newmark Theater](#) at Antoinette Hatfield Hall (formerly the New Theater building).

Freeing up dates at Keller Auditorium allowed MERC to bring in additional touring Broadway productions, such as the upcoming presentation of "Phantom."

Woolson said it's not difficult to book productions touring the West Coast.

"Portland is a great theater town."



Cathy Cheney | Portland Business Journal

MERC CEO David Woolson is working diligently to raise his organization's profile.

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## PORTLAND BUSINESS JOURNAL

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### Angst over arts funding

Arts organizations prepare for a drop in donations next year

Portland Business Journal - by [Wendy Culverwell](#) Business Journal staff writer

Arts organizations expect fewer donations from business sponsors as a weak economy forces them to curtail support in 2009.

Portland-area businesses have been generous to the arts in recent years, with 465 donating a collective \$5.4 million to arts- and culture-related nonprofits such as the **Oregon Symphony** and **Portland Art Museum** in the year that ended June 30.

According to **Northwest Business for Culture** and the Arts, a Portland nonprofit that fosters links between local business and the arts community, business donations accounted for 5 percent of the total revenue of local arts organizations in the past year.

Not coincidentally, the Portland Art Museum passed its \$13.9 million 2008-2009 budget on July 1. Museum leaders tightened spending and reduced staffing to help weather what at the time appeared to be a moderate economic slump.

Now, given the turmoil roiling financial markets since September, Brian Ferriso, executive director, wonders if cuts made last summer go far enough.

"Obviously, the world has changed since then," he said.

Though he anticipates a drop in business donations, Ferriso is reluctant to speculate how much that might be.

Still, the 125-year old museum relies on its own endowment and a board reserve fund for operating capital. Like their business supporters, the endowment is suffering.

The endowment has dropped about 26 percent since May, to \$32 million.

Falling endowments could play a major role for arts organizations. The Dow Jones Industrial Average has declined nearly 34 percent from a year ago.

Leslie Toumi, the Oregon Symphony's vice president for development, said several foundation grants are gone because the organizations that supported them simply didn't have the money to give in light of weak stock performances.

"It isn't all gloom and doom, but we're certainly concerned," she said.

The symphony depends on contributions, including earnings from its own endowment, for about 51 percent of its budget, which already is under pressure to reverse a decades-long operating deficit. The symphony's current budget is just under \$15 million.

Toumi said the bulk of the symphony's donations come at the end of the year as supporters plan for tax season. To date, donations are off, but she's optimistic a strong December could reverse the trend. Her optimism is not unfounded.

One Friday in October, the symphony held a fundraising gala and auction. In spite of the day's dour financial news, the auction was a success, raising more money than ever.

"Go figure," said Toumi.

While philanthropic groups anticipate an overall decrease in giving because of the economy, traditional supporters are working to keep the money flowing.

**Wells Fargo & Co.**, long among the region's top supporters of art, will maintain its level of giving in 2009, said Bernie Kronberger, vice president and community development manager for the Oregon and Southwest Washington region. The bank gave nearly \$200,000 to arts and culture groups in 2008.

"We're attempting to stay the course," he said.

Portland General Electric Co. makes most of its arts-related contributions through its **PGE Foundation**, which also supports healthy family initiatives and education. The arts receive about one-quarter of all funding. That percentage will stay the same, despite some pressure to shift dollars to social services.

"We feel that the arts are a vital part of people's lives," said Carole Morse, whose twin titles include president of the PGE Foundation and manager of community investment initiatives for PGE itself.

However, Morse said the foundation's overall donations will be down. The foundation donated \$1.1 million to various organizations in

## CONTINUED

2008, a figure that included nearly \$440,000 to the arts, which made it Portland's largest business supporter of arts and culture.

"It will not be that next year. It will be under \$1 million," said Morse, who said the foundation favors organizations that are "planful" about dealing with their budgets realities.

She cited the Oregon Symphony, which has made deep staffing and other cuts as it struggles to return to profitability, as an example of a group that is doing the hard work of managing its resources.

"We have to ask, are they doing the work that needs to be done in this kind of economy?"

Ann Hudner, spokeswoman for the **Pacific Northwest College of Art**, said it's difficult to estimate how the recent economic swings will play out in arts giving. If anyone knows, she quipped, "Let us know."

Hudner said the college is taking a wait-and-see approach while focusing on keeping tuition affordable. It will continue its \$32 million capital campaign to remodel its longtime home at 1241 N.W. Johnson St., which it recently purchased.

Hudner said that when the news is bad, she's guided by a recent conversation with students about the economy.

One student took the long-term view, saying, "You can take away my house, but never my education."

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