

BEFORE THE METRO COUNCIL

AMENDING THE LEGISLATIVE AGENDA TO) RESOLUTION NO. 07-3777
SEEK LOTTERY FUNDS TO SUPPORT)
CONSTRUCTION OF A HEADQUARTERS) Introduced by Councilor Rod Park
HOTEL ADJACENT TO THE OREGON)
CONVENTION CENTER.

WHEREAS, on January 18, 2007 the Metro Council approved Resolution No. 07-3768, for the purpose of providing direction to Metro concerning bills before the 2007 Oregon Legislature; and

WHEREAS, Resolution No. 07-3768 included the Convention Center Headquarters Hotel as a “Potential Priority Item” on the Metro Council Legislative Agenda; and

WHEREAS, on February 8, 2007 the Metro Council considered Resolution No. 07-3748, a Resolution of Metro Council, acting as the Metro and MERC contract review board, adopting findings granting an exemption to the Metro and MERC contracting rules, authorizing acceptance of PDC’s contracting process; authorizing exclusive negotiations with the selected project team; and authorizing use of alternative contracting methods for design, construction, management, operation and financing of the OCC Headquarters Hotel; and

WHEREAS, on February 8, 2007 the Metro Council also considered Resolution No. 07-3772, a Resolution of the Metro Council, designating the Oregon Convention Center Headquarters Hotel Project as a Council Project and assigning a Lead Councilor and Council Liaison; and

WHEREAS, successful negotiations with the project team could result in public financing and development of the OCC Headquarters Hotel; and

WHEREAS, the OCC provides significant economic impact to the State of Oregon, generating \$7,939,000 in state income and business tax revenue in 2005 and \$65,857,000 in cumulative state income and business tax revenue since opening in 1990; and

WHEREAS, the development of a Headquarters Hotel has been identified as an option to further enhance the economic impact of the OCC to the State of Oregon and the Portland metropolitan region; and

WHEREAS, due to the Metro Council’s acceptance of the OCC Headquarters Hotel Project as a “Council Project,” and due to the significant statewide benefit that will potentially be realized if such a Project can proceed, all potential financial partnerships including that with the State should be pursued to best ensure that the Project has the greatest chance of success; now therefore

BE IT RESOLVED that the Metro Council hereby directs the Metro Chief Operating Officer, the Metro Attorney and Metro staff to seek lottery funds to support construction of a headquarters hotel adjacent to the Oregon Convention Center.

ADOPTED by the Metro Council this 8th day of February 2007.

WITHDRAWN

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney
Alison Kean Campbell, Metro Senior Assistant Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3777, FOR THE PURPOSE OF AMENDING THE LEGISLATIVE AGENDA TO SEEK LOTTERY FUNDS TO SUPPORT CONSTRUCTION OF A HEADQUARTERS HOTEL ADJACENT TO THE OREGON CONVENTION CENTER.

Date: January 25, 2007
Prepared by: Nick Popenuk

BACKGROUND

Metro is considering the development of an Oregon Convention Center (OCC) Headquarters Hotel to achieve the OCC mission of maximizing the economic benefits from the OCC for the region and the State of Oregon, while protecting the public investment in the facility. OCC operations benefit a wide range of stakeholders, and due to the significant statewide benefit that will potentially be realized if such a Project can proceed, all potential financial partnerships including that with the State should be pursued to best ensure that the Project has the greatest chance of success. For the initial development of the OCC, the State of Oregon contributed \$15 million to the project. According to annual reports issued by the private consulting firm KPMG, the OCC has generated \$65.9 million in state income and business taxes from 1990 through 2005. Development of an Oregon Convention Center Hotel is projected to enhance the future statewide economic benefits generated by the OCC. In order to maximize the OCC's benefits to the region and the state, Metro and MERC should pursue funding from the state, in support of the possibility that the Metro Council ultimately determines to develop a Convention Center Hotel with public subsidy.

ANALYSIS/INFORMATION

1. **Known Opposition:** There is no known opposition to this resolution directing the pursuit of lottery funding for an OCC headquarters hotel. Doubts remain as to whether a publicly owned and financed hotel is financially feasible and whether it is the best option to eliminate the strategic fund gap and achieve the OCC mission. Both stakeholders who support and oppose the development of a publicly owned and financed Convention Center Hotel agree that more information is needed before the Metro Council makes a final decision to develop a hotel. Nor is there any stated opposition to the principle that if the Metro Council decides to develop a hotel with public subsidy, Metro staff should seek state funding to contribute to the financing package.
2. **Legal Antecedents** Simultaneous to the consideration of this Metro Council Resolution 07-3772, the Metro Council is also considering two other resolutions regarding the OCC Headquarters Hotel Project: Resolution 07-3748, "ADOPTING FINDINGS GRANTING AN EXEMPTION TO THE METRO AND MERC CONTRACTING RULES, AUTHORIZING ACCEPTANCE OF PDC'S CONTRACTING PROCESS, AUTHORIZING EXCLUSIVE NEGOTIATIONS WITH THE SELECTED PROJECT TEAM; AND AUTHORIZING USE OF ALTERNATIVE CONTRACTING METHODS FOR DESIGN, CONSTRUCTION, MANAGEMENT, OPERATION AND

FINANCING OF THE OCC HEADQUARTERS HOTEL,” and Resolution 07-3772, “DESIGNATING THE OREGON CONVENTION CENTER HEADQUARTERS HOTEL PROJECT AS A COUNCIL PROJECT AND ASSIGNING A LEAD COUNCILOR AND COUNCIL LIAISON.” On January 18, 2007, the Metro Council approved Resolution No. 07-3768, “FOR THE PURPOSE OF PROVIDING DIRECTION TO METRO CONCERNING BILLS BEFORE THE 2007 LEGISLATURE,” which included the OCC Headquarters Hotel as a “Potential Priority Item” on the Metro Council Legislative Agenda.

3. **Anticipated Effects:** A high-quality headquarters hotel located in the dynamic Lloyd District would be a catalyst to improving the community and region, and ultimately the state, through increased convention business for the OCC, which would lead to increased economic activity in the region, job creation and increased state and local tax revenues. Adopting this resolution would authorize Metro staff to lobby the state government for funding for this project.
4. **Budget Impacts:** Budget impacts are staff time. This resolution would add one item to Metro’s Legislative Agenda. It does not seek authorization of any specific agreements, nor does it obligate Metro to commit any hard costs other than staff time.

RECOMMENDED ACTION

Staff recommends the adoption of Resolution No. 07-3777.