

MINUTES OF THE COUNCIL REGIONAL FACILITIES AND METRO OPERATIONS COMMITTEE

Thursday, April 12, 2001

Portland Metropolitan Exposition Center (Expo) Hall D Room 204
2160 N Marine Drive, Portland, OR 97217

Members Present: Rex Burkholder (Chair), Carl Hosticka (Vice Chair), Rod Park

Members Absent: None

Others Present: Joe Annett, Kenton Neighborhood Association and MCCI; Kit Butler and Ms. Charlotte Corvi, Courtyard by Marriott; Nancy Goss Duran, Executive Office; Ron Fortune, MERC Commissioner; J. Isaacs, Portland Trail Blazers/Oregon Arena Corp.; Nancy Kettle and Chris Palmer, Palmer/Wirfs & Assoc. and Alice Norris, MERC Commissioner

Chair Burkholder called the meeting to order at 10:06 AM.

1. Consideration of the Minutes of the March 15, 2001 Regional Facilities and Metro Operations Committee Meeting.

Motion: Councilor Hosticka moved to approve the minutes of the March 15, 2001 Regional Facilities and Metro Operations Committee meeting without revision.

Vote: Councilors Burkholder, Hosticka and Park voted aye. The vote was 3 aye/0 nay/0 abstain, and the motion passed.

2. Resolution No. 01-3047 For the Purpose of Authorizing the Executive Officer to Execute a Multi-year Contract for Advertising Services at the Oregon Zoo.

Motion: Councilor Park moved to forward Resolution 01-3040 to Council.

Vote: Councilors Hosticka, Park and Burkholder voted aye. The vote was 3 aye/0 nay/0 abstain, and the motion passed.

Kathy Kiaunis, Oregon Zoo Assistant Director, spoke to the resolution. She apologized for the Zoo's oversight in sending out the RFPs (Request for Proposal) on this and the next resolution without consulting Council. The contracts were awarded, before it was realized that they were Significant Impact contracts that were required to come before Council for approval prior to sending out an RFP. This resolution was for the Zoo's advertising agency pro bono contract. She said the response was excellent with six firms competing for the contract. **Chair Burkholder** asked for clarification of what was designated a "Significant Impact" contract. **Peggy Coats**, Council Analyst, said any contract over \$50k was so designated.

Councilor Park asked about the \$1.3 million cost and agency histories. **Ms. Kiaunis** said Hallock Modey had the paid contract that expired, while the pro bono contract was awarded to Cole & Weber. **Councilor Park** asked why an agency would undertake to do the work for free. **Ms. Kiaunis** said it afforded an agency a chance to do "fun things" and win advertising awards. **Chair Burkholder** clarified that the money was for advertising buys through Cole & Weber. **Ms. Kiaunis** added that there was no mark-up or add-on by the agency for those buys.

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3. Resolution No. 01-3048 For the Purpose of Authorizing the Executive Officer to Execute a Multi-year Contract for Concert Coordinator at the Oregon Zoo.

Motion to Amend: Councilor Hosticka moved to amend Resolution 01-3041 to read "concert coordination and production", rather than "concert coordination".

Vote: Councilors Hosticka, Park and Burkholder voted aye. The vote was 3 aye/0 nay/0 abstain, the amendment passed.

Motion: Councilor Park moved to forward Resolution 01-3041 to Council as amended.

Vote: Councilors Hosticka, Park and Burkholder voted aye. The vote was 3 aye/0 nay/0 abstain, the motion passed as amended.

Ms. Kiaunis spoke to the resolution. It covered all expenses of putting on the concert series including talent, equipment rental and insurance, i.e. the whole production including coordination services.

Councilor Hosticka asked who the promoter was. **Ms. Kiaunis** said Reischman Concerts, a one person firm that specialized in this particular niche of concerts for 3.5-5k attendance. **Councilor Park** noted that costs were significantly higher than last year. **Ms. Kiaunis** responded that the number of premium concerts had been expanded.

4. Resolution No. 01-3049 For the Purpose of Appointing Norm Andreen, Keith Parker and Scott Seibert to the Metro Committee on Citizen Involvement (MCCI).

Motion: Councilor Hosticka moved to forward Resolution 01-3041 to Council with the requested amendment.

Vote: Councilors Hosticka, Park and Burkholder voted aye. The vote was 3 aye/0 nay/0 abstain, the motion passed.

Karen Withrow, Executive Office Public Affairs, spoke to the resolution. None of the new appointees were able to attend this meeting. **Councilor Park** asked for further information. **Ms. Withrow** noted that CCCI (Clackamas County Citizen Involvement) recommended Mr. Andreen, who had worked with CCCI for some time. **Chair Burkholder** suggested that it would be helpful if the appointees attended Council the day the resolution was scheduled, so that Council could meet them.

5. Expo Dialogue/Worksession

Chair Burkholder reviewed the Dialogue/Worksession Schedule with committee and guests. A copy is included in the public record of the meeting. **Mark Williams**, MERC (Metro Exposition-Recreation Commission) General Manager, reviewed Expo. A copy of the written information, *Response to Committee Questions*, is included in the public record of the meeting. He noted that Expo had a long history, from animal events, to county fairs, to the sad time when citizens of Japanese ancestry were interred there prior to being sent to relocation camps. Metro involvement began with the transition of Multnomah County parks, cemeteries and the Expo facility to regional management. The idea was that it made sense to manage Expo due to MERC's expertise in managing OCC (Oregon Convention Center) and other similar facilities. In addition it was appropriate to shift some of the OCC business over to Expo to free more OCC space for large events. It had been transformed since the takeover. Hall E had been built and first occupied by a traveling Smithsonian Exhibit, sponsored nationwide by Intel, who was instrumental in bringing the exhibit to Portland. Hall E was paid for without additional taxes levied.

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Councilor Park asked Mr. Williams to explain the funding for Exhibit Hall D. **Mr. Williams** responded that a bond issue through Oregon Economic Development funded it. Because of the State's AAA bond rating MERC had saved considerable money; the interest rate was less than 6%. Payment of debt service came from Expo revenues. There was no draw on Metro's General Fund or tax dollars; it was a self-supporting facility. **Chair Burkholder** asked about the planned safety margin in case of possible downturns in the economy. **Mr. Williams** was confident that with the excellent margin on operations and debt service, there was no concern about downturns. **Mr. Williams** also noted that Intel had cut its travel budget, which resulted in lower lodging tax revenues.

Councilor Park asked for further information on the impact of construction on operating dollars. **Chris Bailey**, Expo Director, said that while a downturn in event and room rentals had been anticipated, the parking impact was higher than expected. In addition, City of Portland parking requirements had impacted larger shows by cutting the number of parking stalls by 500-600. He noted that even under construction conditions the facility had come very close to break-even; next year he expected to show a profit. **Chris Palmer**, Palmer/Wirfs & Assoc., (an Expo customer), said her shows, the Antiques/Collectible events, required 1200-1500 additional off site parking spaces. Her concern was with a public perception of limited parking; it also inhibited the concept of multiple events on weekends. She understood that the cost of a parking structure was prohibitive, but it was a tempting solution to the problem. She also believed that there was nothing within the control of MERC and Metro that could have been done better in the construction time frame.

Mr. Williams reminded the committee that there was no plan in place for replacement or upgrades for Halls A, B and C. A rough guess was that it would cost \$20-25 million to replace them within 5 years. This was a challenging task and would take creative planning to accomplish. MERC wished to keep Expo attractive by keeping rents below that of OCC. Ideas for greater revenue included expanding the customer base for Hall D and greater usage of Expo's catering facilities.

Ms. Coats asked Mr. Williams to compare and contrast the markets of OCC and Expo. **Mr. Williams** said that small events at OCC were subject to cancellation if a large convention or event required the space. In such a case Expo was offered as an alternative; it normally catered to events expecting a lower level of service, and was staffed differently. As the Expo space was improved and light rail expanded to serve Expo, more clients could be accommodated between the two facilities. There also would be added booking opportunities with cross marketing; Metro and outside facilities could be tied together for events that could not be accommodated at any one facility.

Chair Burkholder asked Mr. Bailey to speak to the delay in the Master Plan process with the City of Portland. **Mr. Bailey** recapped the process. The conditional use permit for Hall D included agreement that prior to any future development at Expo a Master Plan modification would be submitted. A lengthy process had ensued until the City of Portland deemed it complete. At that time it was circulated among other City departments with an interest in the process. Shortly before the scheduled final hearing it was discovered that the City's Transportation department had not finished its review. Consequently, the hearing date was postponed to accommodate that review. **Mr. Williams** said that even if Phase 3 was not on hold, there was no money set aside to build it. A rough estimate was that it would cost \$3 million to realign the roadway and build further parking (that was included in the \$25 million estimate he had given earlier).

Chair Burkholder asked if the planned Vancouver Convention Center and a possible meeting facility that may be built at Washington County's fairgrounds would impact MERC facilities. **Mr. Williams** said that, based on what he knew of the Vancouver facility, it was not competitive at 50k square feet. Smaller events might find it very attractive, but such events were a small part of Expo's business. No opportunities had been explored for coordination with Vancouver, however Washington County was a different matter. He felt that there was a real opportunity for cooperation during peak usage in the summer months, particularly because of the light rail link.

Councilor Hosticka asked if Expo had a parking relationship with Tri-Met. **Mr. Williams** said that under the IGA (Intergovernmental Agreement) Tri-Met would assume the full cost of the light rail station, pay

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MERC the value of Expo land taken for the station, and contribute \$600k toward the two pedestrian paths to be built from the station to Expo. He anticipated that there would be compensation for parking for light-rail commuters on a morning-only basis. Earlier Tri-Met had hired a consultant to look into building a parking structure, but under current usage patterns there was no way it could pay for itself. The figure was \$15-\$20k/space for an above ground structure. Additionally Halls A B & C are currently well used; if they were replaced it might result in less square footage.

Joe Annett, Kenton Neighborhood Association, said that Expo was a good neighbor. The association's position was that revenue should come from cars in the form of increased parking fees. They preferred a parking structure, as Expo's parking lots were already massive, and the first thing seen when crossing into Oregon from Washington. The Association would also like to see some of those added fees go into community enhancement in a plan similar to PIR's (Portland International Raceway) community enhancement fund. That fund had helped resolve the neighborhoods' problems with PIR. The \$50-100k set aside for grants had shown the neighborhood that PIR cared about the problem their season created. While it was only 5-8 days/year, on those days neighbors could not reach their homes. **Chair Burkholder** noted that another problem with funding a parking structure was that if Vancouver approved a light-rail extension, it would impact the structure's ability to be self-supporting. **Mr. Williams** felt that overall such an extension would be a big plus for staging even more events at Expo.

J. Isaacs, Portland Trail Blazers/Oregon Arena Corp. Vice President, commented that Metro should feel good about the exceptional job done by MERC staff. His organization's sister company in Seattle ran a similar operation, and in researching like-facilities around the country, found that Expo compared very favorably, both financially and event-wise. His organization did a lot of business in common with MERC, e.g. barbershop quartets and square-dancing events, and he was very pleased with the quality of help they received. **Councilor Hosticka** asked if the Rose Garden had felt any impact due to the economy. **Mr. Isaacs** said yes, they had felt it; there was sluggishness in ticket sales across all kinds of events over the last 9-12 months. He was unsure as to the cause however. He added that the NBA (National Basketball Association) would not allow Portland to host an All-star game until more hotel rooms were available.

Kit Butler, Courtyard by Marriott, felt one of the biggest challenges was to give the public more incentive to come to this area. **Mr. Williams** said there was a fundamental tension to managing this facility between the neighborhoods and City transportation planning people who want to decrease auto use, while hotel people and Expo clients want more parking and increased auto traffic.

6. Councilor Communications

None

Chair Burkholder adjourned the meeting at 11:50 AM.

Respectfully submitted,

Pat Weathers
Council Assistant

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ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF APRIL 12, 2001

The following have been included as part of the official public record:

<u>ORDINANCE/RESOLUTION</u>	<u>DOCUMENT DATE</u>	<u>DOCUMENT DESCRIPTION</u>	<u>DOCUMENT No.</u>
		Dialogue/Worksession Schedule	041201rfom-1
	3/14/01	Response to Committee Questions	041201rfom-2

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