

MINUTES OF THE METRO COUNCIL REGIONAL FACILITIES COMMITTEE MEETING

Wednesday, February 18, 1998

Metro Council Chamber

Members Present: Ruth McFarland (Chair), Patricia McCaig (Vice Chair), Lisa Naito

Members Absent: None.

Chair McFarland called the meeting to order at 1:34 PM.

1. INTRODUCTIONS

None.

2. CONSIDERATION OF MINUTES OF JANUARY 21, 1998

Motion:

Councilor McCaig moved to adopt the Regional Facilities Committee minutes of January 21, 1998.

Vote:

Chair McFarland and Councilors Naito and McCaig voted aye. The vote was 3/0, and the motion passed unanimously.

3. RESOLUTION NO. 98-2609, FOR THE PURPOSE OF SUBMITTING TO THE VOTERS A GENERAL OBLIGATION BOND INDEBTEDNESS IN THE AMOUNT OF \$82,030,000 FOR THE COMPLETION OF THE OREGON CONVENTION CENTER

Gary Conkling, Chair of the Metro Exposition-Recreation Commission (MERC), introduced Resolution No. 98-2609. He said the Convention Center has been one of the great success stories of the area: It has benefited its immediate neighborhood, attracted visitors to the region who spend money here, and enhanced the stature of Oregon as a convention destination. He said the building has fulfilled its initial promise so far, but the original promise included the concept of full build-out. Full build-out would provide additional space for exhibitions, allow current exhibits to grow, be able to accommodate major exhibits too large for the current facility, and provide more meeting spaces. From a business standpoint, it is time to complete the project as originally envisioned.

Jeffrey Blosser, Director of the Oregon Convention Center, gave a slide presentation illustrating the convention center's successes since its inception in 1986 and the challenges it currently faces. The successes include economic benefit provided by employment of people from target areas in the neighborhood, profitability of neighboring businesses, taxes paid by the Center and its employees, receipts from growing attendance at events, and money brought into the region by tourism from around the state and the nation. Partnerships with other facilities such as the Rose Garden and the Expo Center strengthen the Center's market position. The success of the Center can be attributed to providing good service at a quality facility in a good location. However, as cities such as Seattle and San Diego improve their convention facilities, Portland is challenged to compete. In addition, trade shows are getting larger and need larger places to hold their events. The Center is currently at capacity and booked through the year 2000. It has had to turn business away: In 1996 \$274 million in projected business had to be turned away because of lack of space. The Center has proposed a strategy for completing its original plans, which would add 120,000 ft² of exhibit space, 30,000 ft² of meeting-room space, 35,000 ft² of ballroom space, more parking spaces, and 4200 jobs. The potential economic impact for the region for the completed Center is \$330 million in the first year, with 93% of that coming from visitors from out of the area. Mr. Blosser warned of a decline in revenues if nothing is done, as larger, more profitable conventions move to other cities.

Mike Burton, Executive Officer, Metro, spoke in support of the Center. He addressed the question of whether now is a good time to put something of this magnitude on the ballot. He said the City and Metro have much to lose from a business standpoint if the expansion is not undertaken now. He said it is hard to

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find a politically good time to ask voters for money. But the need is as much a community need as are schools and parks, and the voters should be able to decide whether they want to support it.

Judy Rice, Portland Oregon Visitor's Association (POVA), spoke about the marketing side of the issue. She said the partnership between POVA and the Convention Center has been excellent. She said that the success of the Center has created a need for expansion. She provided examples to support the notion that the conventions that have sustained the Center in the past cannot be accommodated in the future without the expansion. In addition, other larger conventions cannot be actively solicited. She said Portland is currently a "second tier" convention city. That is a position Portland would like to keep. To do that requires completing the Center as originally planned.

Mark Williams, General Manager, MERC, provided a breakdown of the requested funds. He said total construction and related costs are estimated at \$97 million. The cost of bond issuance is about \$1 million which makes for a total cost of \$98 million. The City of Portland would contribute at least \$5 million, the OCC would contribute \$6 million from retained and investment earnings. This yields the \$82 million figure the voters would be asked to approve. However, Multnomah County has agreed to enact a 1/2% increase in the transient lodging tax, contingent on voter approval of the measure. That would generate an additional \$10,000,000 in revenue, reducing the voter's obligation from the \$82 million by that amount. This has been included under a financing mechanism called "double barreled general obligation bonds," which gives voters the best tax rate.

Councilor McCaig asked what the tax increase would be on a \$100,000 home. Mr. Williams said \$9.

Councilor Naito asked Mr. Williams to speak to the hiring policies of the Convention Center. Mr. Williams said MERC as a whole has a target area "first opportunity" program. This gives residents of the inner north and northeast parts of Portland the first shot at jobs. At last count, minority employment at the OCC was 27%, and MERC-wide it was 18%. Because of this program, the OCC has been endorsed by a broad range of minority-business and economic-development organizations.

Councilor McCaig expressed a variety of concerns. First, this area daily grapples with the negative effects of growth. Much of Metro's work is geared toward trying not to be like Seattle, Los Angeles, or San Diego. She said she is not convinced of the need to compete as a "second tier" convention city given that the region does not have a transportation system that can serve the people here now. How can we accommodate an additional 23,000 square dancers? She said the schools and fire stations need help. She said she needs to be convinced that it's right to ask voters to spend \$8 or \$10 of discretionary money on this rather than on more pressing needs, even if they can be persuaded to do so by a good campaign.

Mr. Conkling agreed that the community has many needs. However, he said he trusts that the voters can decide whether they are getting a good return on their money. He said ultimately the schools will benefit by having people employed and paying income tax. He emphasized his trust in voters to make wise decisions.

Councilor McCaig said she has two big concerns. The first concerns her role as an elected official. Is her role to pass to the voters any well-thought-out proposal, regardless of whether she agrees with it? Or is it to select from among the proposals those she believes represent the community's most pressing needs. She noted that things to be funded by lottery money pass more easily than those to be funded by tax increases. Her second concern is that if the measure passes, will it address problems she believes are most pressing? She said she does not see the connection as tightly as Mr. Conkling does. She must be convinced that the benefits of growth outweigh the costs, and she has not seen any estimates of the cost of this kind of growth. She said she would need to think about the whole issue at more length.

Mr. Conkling reiterated his belief that the key to benefiting schools, transportation, and other public services is by contributing income taxes through having people gainfully employed, because property taxes won't support those things anymore. He also said he believes this is the kind of growth Oregonians want: it is in the center of the city and does not put pressure on the fringes, and it is in a part of the city that can benefit from redevelopment. In addition, it aids existing business, which are neglected in most economic development programs. In short, this Center benefits the people already here.

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Councilor McCaig said she must be convinced that aiding existing businesses, which have been profitable thanks to the success of the Center, should have government help to become even more profitable. She said the time and money might be better spent on other parts of the economy. She then asked whether all the needs associated with headquarter hotel had been met--needs that were to have been met before going forward with this project. Mr. Williams said the Portland Development Commission is putting together a proposal for that. Mr. Williams said the headquarter hotel would be desirable regardless of the outcome of the Convention Center expansion measure. On the other hand, he believes the Convention Center should be completed whether the hotel arrives or not.

Councilor McCaig said she was concerned about the implications of defeat at the ballot box. In her view, if this goes to the ballot, it must win because it reflects on Metro. She said that the public perception of this agency continues to rely on positive accomplishments. She said the economic climate when the convention center was originally approved was bad and in need of help. However, today the economy is good. She does not see jobs as a priority right now. She asked what strategy would be used to win.

Mr. Conkling said that economic arguments broadly stated as benefits from income tax make sense to voters. He believes they are persuasive. Councilor McCaig asked how that fit with a survey done two years ago, which revealed that community leaders are not convinced by the economic argument. Mr. Conkling said in spite of the, he believes broad community support exists. He said he understands voters' temptation to vote conservatively--i.e., against measures--they don't understand. The solution is to explain the issue adequately. Mr. Conkling added that beyond economic arguments, the Convention Center building puts a face on Regional Government. It provides a tangible evidence for the accomplishments of regional interests.

Councilor Naito complimented all on the success of the Convention Center. She had she had originally been concerned about creating a mega-convention center. She said, however, she was heartened to read in the literature that the goal is to remain competitive in the second tier. She said tourism is important to this region for bringing in more money without bringing in more people. She also complimented the Center on its aggressive hiring policy for people from the nearby community. She noted that the money generated by secondary industries, such as restaurants, is also important. She said we cannot assume that the economy will continue to be strong. She said she would support the resolution in spite of the fact that the timing might not be politically ideal, because it is necessary from a business standpoint and because it represent completion of the original proposal,.

Chair McFarland said she agreed with Councilor Naito. She said the success of the Convention Center made it possible to transfer funds from the Center to finish the Expo Center in time for the Smithsonian exhibit. She said the money was available because of good management on the part of MERC and particularly on the part of Mr. Blosser. She said this bodes well for the success of the completed Center. She thanked Mr. Blosser and the rest for their part in the Center's success.

Motion:

Councilor Naito moved to recommend Council adoption of Resolution No. 98-2609.

Vote:

Chair McFarland and Councilor Naito voted aye. Councilor McCaig voted no. The vote was 2/1 in favor, and the motion passed unanimously.

Councilor Naito will carry the resolution to a meeting of the full Council.

Councilor McCaig explained her no vote. She said she had hoped that this would not come up before the committee until March or April, when the other issues on the November ballot would be known. She would prefer to know what the voters will face and what the priorities will be.

4. ORDINANCE NO. 98-722, FOR THE PURPOSE OF AMENDING METRO CODE TITLE X, METRO REGIONAL PARKS AND GREENSPACES, TO INCREASE RENTAL FEES AT BLUE LAKE REGIONAL PARK'S LAKE HOUSE

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Charles Ciecko, Regional Parks and Greenspaces, explained that the house is Metro's small-meeting and wedding facility. It is operated on contract to a private business. He said a recent that the fees were lower at Blue Lake than at comparable facilities around the region.

Dan Kromer, Operations and Maintenance Manager, Regional Parks and Greenspaces, said the fee increases range from \$100 to \$150, depending on the block of time rented. He referred the committee to Exhibit A in the agenda packet, which summarizes rentals for comparable facilities.

Councilor Naito asked how the increase in fees would affect the booking rate. Mr. Ciecko said the busy season is weekends and holidays in the summer. He said they did not expect any impact on bookings during the spring and summer, the primary season. Chair McFarland said because this is public property, it might be okay to be a little less expensive. Although she would support the resolution, she thought Metro need not apologize for charging a little less.

Motion:

Councilor McCaig moved to recommend Council adoption of Ordinance No. 98-722.

Vote:

Chair McFarland and Councilors McCaig and Naito voted aye. The vote was 3/0 in favor, and the motion passed unanimously.

Councilor McCaig will carry the ordinance to a meeting of the full Council.

4. RESOLUTION NO. 98-2612, FOR THE PURPOSE OF AUTHORIZING AN EXEMPTION FOR THE COMPETITIVE BIDDING PROCEDURES AND PURSUANT TO METRO CODE, CHAPTER 2.04.056 AUTHORIZING A DESIGN/BUILD RFP FOR CONTRACTING WITH AN EXHIBIT FABRICATOR FOR A NEW EXHIBIT INTERPRETIVES AT METRO WASHINGTON PARK ZOO.

Chair McFarland said that the purpose of seeking proposals is to avoid having to accept the lowest bid. She said that as long as the process is kept honest, it could continue. If it becomes a way to punish one proposer, then the only recourse is to pursue the bid process and accept the lowest.

John Fraser, Design Coordinator for the Zoo, called the committee's attention to the staff report in the agenda packet for a full explanation. The highlights are that the intention of a design/build proposal for interpretive design differs from other types of construction in that the contractor must have special expertise in design as well as in installation. He said the Zoo was seeking a contractor who could develop audio-visual equipment, sound and smell equipment, and interpretive text panels as well as install them. The most effective method to do this is to have one person do the content work as well as the construction work.

Councilor McCaig clarified that the purpose of the exemption from the competitive-bid process ensures that those bidding the process have the expertise to do the project.

Scott Moss, Metro Contracts Manager, said they are asking for an exemption from the bid process because with a bid process, the lowest bid wins. A proposal process can take other factors into consideration.

Motion:

Councilor McCaig moved to recommend Council adoption of Resolution No. 98-2612.

Vote:

Chair McFarland and Councilors McCaig and Naito voted aye. The vote was 3/0 in favor, and the motion passed unanimously.

Councilor McCaig will carry the resolution to a meeting of the full Council.

Mr. Moss said that according to a new state law, this resolution must be advertised for 10 days before the Council can approve it. Therefore, it cannot go to the next Council meeting, but must wait until the meeting after that. Michael Morrissey, Council Analyst, said that because the agenda on February 26 is full, this piece of legislation has already been scheduled for the meeting after next, i.e., on March 5.

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5. RESOLUTION NO. 98-2613, FOR THE PURPOSE OF AUTHORIZING THE EXECUTIVE OFFICER TO CONTRACT WITH TREXLER AND ASSOCIATES FOR REFORESTATION ASSISTANCE ON METRO PROPERTIES

Mr. Ciecko, said that in the past 2-1/2 years the Parks and Greenspaces has acquired more than 3,000 acres with bond-measure proceeds. Some of this acreage came with assumed reforestation requirements. On other, Metro has determined that reforestation is the most effective stabilization strategy. This agreement concerns the latter. This agreement would be covered by a utilities consortium, which has a speculative interest in planting trees.

Jim Morgan, Regional Parks and Greenspaces, explained that this resolution would allow Metro to receive money to offset expenses on these properties. The utilities are interested in entering into an agreement to contribute half of the money toward reforestation. The utilities believe that future federal regulations will require utilities to offset carbon emissions. Trees are one efficient way of taking carbon out of the atmosphere and converting it to organic material. The agreement invests all the consortium money in the first year, to be sure it is all used in the event the consortium dissolves. He said some questions remain about what happens with the "free" money. One is whether these carbon offsets will in the future have an easement associated with them. However, he said that considering the benefit, it is a worthwhile risk.

Chair McFarland said she had asked Metro's legal counsel about this. She learned that the only real stipulation would be that the trees could not be logged for 65 years.

Joel Morton, Assistant Counsel, said the trees would always belong to Metro, but it is correct they could not be logged for 65 years.

Motion:

Councilor McCaig moved to recommend Council adoption of Resolution No. 98-2613.

Vote:

Chair McFarland and Councilors McCaig and Naito voted aye. The vote was 3/0 in favor, and the motion passed unanimously.

Councilor McFarland will carry the resolution to a meeting of the full Council.

6. COUNCILOR COMMUNICATIONS

None.

There being no further business before the committee, the meeting was adjourned at 2:54 PM.

Prepared by,

Pat Emmerson
Council Assistant