

Metro | *Agenda*

MEETING: JOINT MERC & METRO COUNCIL WORK SESSION
DATE: February 16, 2010
DAY: Tuesday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

2:00 PM	1.	OPENING COMMENTS/INTRODUCTIONS	President Bragdon Chair Leary
2:10 PM	2.	EXPECTATIONS FOR MEETING	Jordan
2:15 PM	3.	BRIEFING	
		Financial and strategic opportunities/challenges for:	
2:20PM		--Portland Center for the Performing Arts (PCPA)	Williams
2:30PM		--Oregon Convention Center (OCC)	Blosser
2:40PM		--Portland Metropolitan Exposition Center (Expo)	Bailey
2:50PM	4.	STATUS REPORT ON MERC/METRO BUSINESS PRACTICES STUDY	Jordan Robinson Twete
3:05PM	5.	COUNCILOR & COMMISSIONER COMMENTS/QUESTIONS/ DISCUSSION	
4:00 PM	6.	ADJOURN	

**Metro Council – Metropolitan Exposition Recreation Commission (MERC) Meeting
February 16, 2010
Venue Background Information**

Metro/MERC Regional Venues

The Metro venues operated by the Metropolitan Exposition Recreation Commission (MERC) include the Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center.

In total, nearly 1.9 million visitors attend roughly 1,500 events each year at these venues.

In Fiscal Year (FY) 2008-2009, combined, the venues generated \$522 million in direct and indirect spending throughout Clackamas, Multnomah and Washington Counties, supported 5,540 jobs, contributed \$203 million in employment earnings, and \$18.2 million in state, regional and county taxes.

Each venue is unique in building features, clientele and event type, and the funding structure varies as well.

MERC's \$43 annual budget is comprised of 70% operating revenues and 30% transient lodging taxes and other government support.

Oregon Convention Center (OCC)

Introduction/mission of venue:

The Oregon Convention Center was opened in 1990 by Metro to serve as an economic development tool to draw convention and business clientele to the Portland region and to support business activity across the state.

Business and client description:

OCC hosts roughly 600 events and 650,000 visitors each year. The range of clients varies from meeting planners who arrange international and national business travelers to convene at association conventions, meetings and industry trade shows, to state and local organizations who meet to conduct business and provide training workshops. Rounding out the bookings are special events and catered functions, such as the Martin Luther King, Jr. breakfast and the Oregon Business Association dinner.

In FY 2008-2009, national meetings and conventions comprised 15% of OCC's total bookings. These events were the largest contributor to OCC's economic impact and represents about 40% of OCC's enterprise revenues.

Throughout the tri-county region, OCC generated \$421 million in direct and indirect spending and supported 4,410 jobs. Over \$15.2 million in state and local taxes were generated.

In partnership with Travel Portland, OCC continues to book large national conventions into the future, 2-6 years out, which is beneficial to the community because out-of-town guests tend to spend more than local/regional event attendees. In November, the National United Methodist General Conference booked its 2016 convention which is estimated to attract 5,000 attendees and generate \$7.2 million in economic impact. Conventions booked 4-5 ago are also remaining strong throughout FY 2011-2012. For example, the North American Gay Volleyball Association will hold its 2010 championships at OCC in May, which is expected to attract 1,500 attendees and generate \$1 million in economic impact, and in July, the 2010 Convention and Exposition of the International Decorative Artisans League will draw 700 attendees and generate \$1.85 million in economic impact.

Financial information:

The FY 2009-2010 budget for OCC projected \$16.5 million in revenues generated directly from booked events and \$8.9 million in transient lodging tax revenues and Visitor Development Investment (VDI) funds.

The Metro 2nd Quarterly Report indicated that most booked conventions and trade shows at OCC are continuing as planned and attendance remains strong, despite the economic recession. Attendance at consumer shows is lower however, by approximately 8-12%. Food and beverage revenues are meeting budget projections, which were anticipated to be lower than in previous years.

To date, this fiscal year, transient lodging taxes remain flat and economists, along with Travel Portland and the hospitality industry, expect that at years' end, revenues will be down 12% from last year, representing a decrease in projected revenues for OCC of \$500,000. In 2010-2011, OCC proposes to utilize approximately \$199,000 in strategic reserves to cover the deficit resulting from lower transient lodging taxes and is exploring the use of grants and other funding sources to cover specific capital projects. Reductions in travel, training and conference expenditures, as well as goods and services, have also been implemented to accommodate lower than expected revenues.

Industry trends:

Many convention centers throughout the nation are experiencing trends in which bookings remain strong but the size of events is reduced and/or attendees spend less on parking and food and beverage. Industry experts expect that, as in past economic challenges, once the national economy begins to recover, it will take at least a year for the convention and tourism industries to follow suit. Improvements in room rates and occupancy growth should also be slow; by mid-2011, the market is expected to begin rebounding.

Because OCC tends to book fewer local corporate clients, such as Nike and Intel, the fact that these companies have scaled back employee meetings and events has had minimal impact on business. Other centers that rely on corporate meetings are facing significant financial challenges.

As a result of its innovative marketing programs and continued pursuit of sustainable business practices, OCC has outperformed its competitors. OCC was the first convention center in the U.S. to achieve LEED-EB certification in 2003 and LEED-EB Silver in 2008. In addition, it holds numerous environmental stewardship designations and partnered with Travel Portland to develop the first-ever “green meetings toolkit” to cater to organizations and corporations who are committed to meeting with a reduced carbon footprint. Convention centers around the country have since adopted many of OCC’s practices and meeting planners routinely choose Portland because of its reputation as a green destination. OCC will continue to pursue sustainability initiatives, including the installation of rooftop solar power panels.

Challenges:

OCC maintains a competitive edge with its sustainability accomplishments but faces systemic challenges to retaining current and earning new national clients, in part due to the lack of ability Portland hoteliers have to partner in securing large room night blocks years in advance. A collaborative effort is underway to reach out to national meeting planners based in Washington, D.C. and Chicago in which Travel Portland will conduct focus groups to learn what the region can do to continue meeting national clients’ needs.

Strategic opportunities:

OCC will continue to focus on client needs and pursue the following projects to maintain its leadership within the industry:

- Partner with MERC food and beverage contractor, ARAMARK, on the “Culture, Nature, Nature” brand campaign to strengthen utilization and recognition of seasonal, locally grown, sustainably harvested foods and Oregon-based beer, wine and distilled spirits.
- Pursue locating the Leg Up program, a collaborative joint venture with ARAMARK, at the Metro Regional Center space formerly leased by Big Town Hero to recruit and train economically disadvantaged individuals and provide the opportunity to develop skills, gain experience and launch a viable food service career.
- Complete phase I installation and plan phase II expansion of the rooftop solar power panel project, allowing OCC to increase its renewable power usage to over 50%.
- Capitalize on the early success of Stir cocktail lounge, one of the first higher-end boutique convention center lounges of its kind, to attract distinctive clients and serve neighborhood businesses and residents.
- Consider developing the block of property (commonly referred to as the “Sizzler” block) directly across from OCC as open space with the potential to serve as outdoor event space for certain clients.

Portland Center for the Performing Arts (PCPA)

PCPA was created by residents to catalyze the neighborhood into a cultural arts district in 1989. Its mission is to support resident and nonprofit arts organizations through subsidized theatre usage. At the same time, it operates as a vibrant commercial business and, due to strong operating revenues and subsidies provided by the City of Portland, local transient lodging taxes, and Visitor Development Funds, PCPA is able to offer some of the lowest rental rates in the country to local nonprofit groups.

Business and client description:

PCPA hosts, on average, 800 performances and 800,000 attendees each year, although in FY 2008-2009, PCPA hosted 1,100 events that attracted 938,000 attendees.

Six resident companies occupy its theatres: Oregon Ballet Theatre, Oregon Children's Theatre, Oregon Symphony Orchestra, Portland Opera, Portland Youth Philharmonic and Tears of Joy Theatre. These performing arts "clients" accounted for nearly 65% of all performances last year.

Commercial clients are local and national promoters, including the Broadway Across America series, which accounted for 30% of total attendance last fiscal year. Lecture series sponsored by Portland Arts and Lectures and the World Affairs Council, performances by White Bird contemporary dance and various music concerts and comedy acts are also popular events. PCPA has become a host to pre- and post-performance diners at its Art Bar and Bistro located in Antoinette Hatfield Hall and the Keller Café and Martini Bar at Keller Auditorium.

In FY 2008-2009, PCPA generated \$65.2 million in direct and indirect spending throughout the region and supported 730 jobs. In addition, \$1.7 million in state and local taxes was attributed to PCPA business.

Financial information:

The FY 2009-2010 budget projected \$7.5 million in event-related revenue, \$760,000 in support from the City of Portland and assumed \$1.9 million in transient lodging taxes and VDI revenues.

Overall, event-related revenues are meeting projections, as indicated in the Metro 2nd Quarterly Report. The number of weeks booked for the Broadway Across America series is less than in the previous year (9 weeks compared to 14.5 weeks), but 13 weeks are currently booked for FY 2010-2011.

Transient lodging tax revenues comprise 17% of PCPA's total revenues and, with these revenues anticipated to be 12% lower than projected by fiscal year end, amounting to a \$200,000 revenue reduction for PCPA, a slight budget deficit is anticipated in FY 2010-2011. A strong Broadway season next year will help to mitigate the impact of declining transient lodging taxes. For the remainder of this fiscal year, some one-time expenditures will be delayed and PCPA will monitor overall expenses and revenues so that a "break-even" budget can be met.

Industry trends:

Despite the economic recession, PCPA has fared well, in part due to strong ticket sales for Broadway shows and other commercial offerings, and because the resident companies have prevented their tickets sales from falling precipitously. In FY 2010-2011, a budget deficit is expected resulting from the reduction in rental rates and ticket fees PCPA granted all local nonprofit arts groups in FY 2009-2010, which allowed many, including some resident companies, to remain in existence.

Sustainability has become an increasingly popular trend among performing arts centers across the country and patrons will soon come to expect, not just appreciate, that halls and theatres are operated with environmental stewardship in mind. PCPA has incorporated many sustainable business practices into its operations and employee culture and is currently pursuing LEED-EB certification for Antoinette Hatfield Hall. Feasibility planning for future large scale sustainability projects, such as solar panels is also underway.

PCPA continues to pursue innovative partnerships and business opportunities, such as obtaining sponsorships for its annual summer concert series, Music on Main, supporting arts education through free summer camps and discounted children's performances, and by enhancing the Art Bar & Bistro and Keller Café and Martini Bar to better accommodate patrons before, during and after performances.

Challenges:

PCPA relies on its public subsidies and strong operating revenues in order to fund the deep discounts in hall usage the resident companies and nonprofit arts groups enjoy. While PCPA maintains adequate reserves to mitigate relatively short-lived reductions in subsidies, its financial stability could be at risk if those reductions linger and, even greater so, if its operating revenues drop below unprecedented levels. Less than ten years ago, PCPA had minimal financial reserves, and through disciplined financial management and planning, built them to a level in which PCPA is able to sustain economic challenges for a short period of time. Maintaining healthy subsidies and support, operational revenues and reserves is critical to the financial viability of PCPA and the cultural arts hub Portland residents created two decades ago.

Strategic opportunities:

A number of strategic initiatives are underway to retain PCPA's position as a community arts partner, sound steward of historic buildings, thriving downtown business and national competitor among performing arts centers.

- Design and feasibility studies are underway to renovate Arlene Schnitzer Concert Hall with patron amenities such as additional restrooms, more comfortable seating, and acoustical upgrades that allow it to better accommodate the needs of the Oregon Symphony Orchestra and other arts users. A plan is underway to develop the Main Street plaza (between SW Broadway and Park) into an iconic space for additional performances, arts education and revenue-generating opportunities such as a restaurant and banquet facilities.

- PCPA is pursuing a multi-stakeholder partnership to launch a Cultural Video Project in the lobby of Antoinette Hatfield Hall to enhance arts education and accessibility to schools and communities across the state less-inclined to be exposed to diverse arts experiences.
- As Mayor Adams, Councilor Collette and Commissioner Schouten lead the Creative Action Network, PCPA is actively participating to raise awareness of arts programs and pursue a long-term funding mechanism for performing and other arts in the region.

Portland Expo Center

Introduction/mission of venue:

The Portland Expo Center has served as the region's primary destination for consumer trade shows for decades. More recently, Halls D and E were constructed, adding 180,000 square feet of new, quality exhibition and meeting space, and allowing Expo to diversify its client base to include special events, catered receptions and business meetings. Some clients still enjoy older halls A and B, including the Rose City Rollers, but these facilities are past their economic lifespan and are marginal without full services, such as air conditioning.

Business and client description:

Expo typically hosts 500,000 visitors and 100 events each year. Consumer shows are mainly operated by local producers who arrange annual multi-day events such as the Pacific Northwest Sportsmen's Show, the Home and Garden Show, Dog and Cat Shows and the Rose City Gun and Knife Show. Many shows have been produced locally at Expo for twenty years or more.

In FY 2008-2009, the number of events increased (110 events) but attendance was lower (454,000 attendees) due to the economic recession, mainly. Consumer and public shows comprise the largest category of events. Meetings and other events, such as roller derby and warehouse sales, each comprise roughly 20% of the total bookings.

Expo generated \$35.4 million in direct and indirect spending in FY 2008-2009 and supported 400 jobs, which translated to \$13.2 million in employee earnings. State, regional and local taxes generated from Expo business totaled \$1.3 million.

Financial information:

Expo is unique among the venues in that it is a self-sufficient operation receiving no public subsidy in the form of transient lodging taxes or other government support. It pays excise taxes and carries its own debt service payments, in addition to all operating expenditures. Expo relies solely on its own operating revenues.

In FY 2009-2010, Expo projected its event-related revenues to be \$3.7 million and \$2.11 million in food and beverage sales. The Metro 2nd Quarterly Report indicated that the number of consumer shows held and those attending shows were slightly down, year-to-date, which will impact those revenue projections. Expo is working with clients to reduce costs where necessary so that the booked business is retained this fiscal year and beyond. When operating revenues are down, Expo has had to dip into its strategic reserves to maintain operations and customer service. This has been the case for the last two years. This is a condition that cannot continue in the long term.

Industry trends:

Exposition centers around the country are faced with changing business dynamics resulting from the increasing popularity in online shopping and changing consumer interests. Expo has actively sought to expand the range of events and shows to appeal to a broader market segment. For example, a new tattoo show was added this year and it was highly popular.

Challenges:

The Portland Expo Center is unique among its competitors in that its funding structure lacks government or public support. The result is that Expo can afford to make only minimal business and facility investments, reducing its ability to respond to market changes and client needs, maintain existing facilities and develop new facilities. Expo has the challenge and opportunity to rebrand itself away from its historic image as a livestock exposition and fairgrounds into a more urban and community-oriented facility.

Strategic opportunities:

Expo recently received the results of an outside, independent study conducted by PSU Masters in Business Administration students in which recommendations for business growth were included. Those recommendations are being analyzed for feasibility and costs. We expect to work with the Commission to prioritize marketing and branding efforts and begin initial phases of implementation next fiscal year.

Long-range planning is also underway as the Expo Conditional Use Master Plan is updated to reflect current business trends and the local market.

Additional revenue sources are being pursued, such as grants and other funding sources to pay for capital upgrades and improvements. In addition, Expo is weighing the costs and benefits of creating a lounge to cater to clients and nearby businesses.

MERC Venue Fast Facts

Oregon Convention Center

Known as:

- Largest convention center in the US Pacific Northwest
- First in the US to be LEED-EB certified by USGBC in 2003
- First in the US to be LEED-EB Silver recertified by USGBC in 2008
- Leader in sustainability practices, in part because:
 - LEED certification
 - Food composting rates (88.92 tons in FY 2008-2009)
 - Material recycling rates (258.1 tons in FY 2008-2009)
 - Percentage of waste diverted from landfills (54.67% in FY 2008-2009)
 - Efficient use of utilities and purchase of renewable energy (soon to be 100% renewable)
 - Purchaser of Pacific Power's Blue Sky voluntary wind power purchase program
 - Purchaser of carbon offsets through NW Natural's Smart Energy program
 - Working with SunEdison to install and operate solar power panels on roof
 - Salmon-Safe certified in 2007 and recertified through 2012
 - 2003 BEST (Businesses for an Environmentally Sustainable Tomorrow) Award for innovative rain garden storm water management system

Facility features:

- Total space: 1 million square feet
- 255,000 square feet available for rent:
 - Two grand ballrooms (Oregon – 25,200 sq. ft.; Portland – 34,200 sq. ft.)
 - 50 individual meeting rooms totaling over 52,000 sq. ft.
 - Prefunction/registration areas totaling roughly 100,000 sq. ft.
 - Skyview Terrace – 7,000 sq. ft.
 - Two VIP suites above Exhibit Hall B (1,670 sq. ft.) and Exhibit Hall D (1,200 sq. ft.)

Employees:

- 100+ full-time staff
- Part-time staff scheduled per event needs
- 4 collective bargaining contracts:
 - AFSCME – utility workers
 - 707 – engineers and electricians
 - Longshoremen – security
 - B-20 IATSE – admissions/ticket staff
- 80 volunteers as greeters, information counter reps, tickets, admission, etc.

MERC Venue Fast Facts

Oregon Convention Center – continued

History:

- Voters/legislature approved construction bonds and funding in 1986
- Opened in 1990; estimated economic impact to date: \$6 billion
- Original construction cost: \$90 million
 - \$65 million in property taxes collected in Clackamas, Multnomah & Washington co.
 - \$15 million from State of Oregon
 - \$15 million from Local Improvement District (LID) funds
 - \$5 million in interest funds generated
- Expansion complete in 2003
 - \$115 million in bonds for expansion construction

Budget (FY 2009-10):

- Operating budget: \$22 million
 - \$16.5 million in event-generated revenues
 - \$8.9 million in transient lodging taxes/Visitor Development Initiative (VDI) Funds
- Operating expenditures:
 - \$22.9 million for facility operations
 - \$2.8 million in support costs paid to MERC/Metro
 - \$500,000 estimated in capital projects

Business summary:

- Roughly 600 events annually, in FY 2008-2009: 521
 - 86 convention/tradeshows
 - 276 meetings
 - 109 other (includes food & beverage/catered special events)
- Roughly 630,000 visitors annually, in FY 2008-2009: 548,300
- Booking examples:
 - Farwest Nursery (August): 3 days; 10,000 attending per day
 - Auto Show (month): 4 days; 84,000 attending per day
 - Oregon State Bar meetings: 50 held each year;
 - Classic Wine Auction: evening event drawing 900

Economic impact to the region (FY 2008-09):

- \$421 million in economic impact to tri-county region
- Supported 4,410 local jobs
- Generated \$15.2 million in state, regional and county tax revenues

MERC Venue Fast Facts

Portland Center for the Performing Arts

Known as:

- Hub of downtown arts and culture scene
- 5th largest performing arts center in the nation
- Umbrella management organization for 5 performing arts spaces:
 - Keller Auditorium
 - Arlene Schnitzer Concert Hall
 - Newmark Theatre
 - Dolores Winningstad Theatre
 - Brunish Hall

Facility features:

- Keller Auditorium
 - Built in 1917 as Municipal Auditorium, renovated in 1968 and in 2000, renamed after Richard B. Keller for his donation of \$1.5 million funding latest renovation
 - Home to Portland Opera, Oregon Ballet Theatre and Broadway Across America
- Arlene Schnitzer Concert Hall
 - Built in 1928 as Portland Publix Theatre, Italian Rococo Revival style
 - Seats 2,776; features orchestra pit and choir shell, portable acoustics, dressing rooms for 90
 - Home to Oregon Symphony Orchestra, Portland Arts & Lectures, Portland Youth Philharmonic and White Bird Dance Company, among others
- Antoinette Hatfield Hall, containing:
 - Newmark Theatre
 - Edwardian style, seats 880
 - Home to Oregon Children's Theatre and numerous local arts groups
 - Intimate setting; no seat further than 65 feet from stage
 - Dolores Winningstad Theatre
 - Elizabethan style, seats 292
 - Versatile and movable stage and seating
 - Home to Tears of Joy Puppet Theatre
 - Brunish Hall
 - Open space available for small performances, meetings, special events
 - 3,150 total square feet
 - Room capacity: 200

Employees:

- 35 FTE plus several hundred part-time, event-based employees

MERC Venue Fast Facts

Portland Center for the Performing Arts – Employees (continued)

- Union representation:
 - IOUE Local 701: engineers, electricians, custodians
 - IATSE Local 28: stagehand department heads
 - IATSE B-20: gate and ushers
 - ILWU Local 28: security
- 625 volunteers who provide reception desk clerical support, lead tours, run the gift shop and usher in the Newmark and Winningstad Theatres

History:

- 1976: Performing Arts Task Force appointed by City of Portland to evaluate need for performing art space in downtown core; recommended that 3 new theatres be added in addition to Keller Auditorium
- \$19 million in bonds approved by voters to fund construction of theatres
- \$12 million contributed by businesses, foundations and private individuals
- 1980: decision to purchase and renovate the Paramount Theatre into a 2,700 seat concert hall and build two new theatres across the street
- 1984: Arlene Schnitzer Concert Hall opened
- 1987: The New Theater Building (renamed Antoinette Hatfield Hall in 2006) opened containing Newmark and Winningstad Theatres
- 2000: Corey Brunish donates \$350,000 to build out an unfinished rehearsal space; named Brunish Hall. It becomes available as an event space after Portland Center Stage moves to Gerding Edlen Theatre

Budget: (FY 2009-10)

- Revenue sources:
 - Operating revenue: \$7.5 million
 - Transient lodging taxes/VDI: \$1.9 million
 - City of Portland support: \$760,000
- Revenue expenditures:
 - Operating expenses: \$8.9 million
 - MERC support: \$1.096 million
 - Metro support: \$872,750

Business summary:

- 800+ events annually, in FY 2008-2009: 1,100 events
 - 677 performances
 - 125 Broadway shows
 - 30 lectures
 - 41 meetings/receptions

MERC Venue Fast Facts

Portland Center for the Performing Arts – Business summary (continued)

- 104concerts
- 114 miscellaneous
- Approximately 800,000 visitors annually (in FY 2008-2009: 938,000)
- Resident companies:
 - Oregon Ballet Theatre
 - Oregon Children’s Theatre
 - Oregon Symphony Orchestra
 - Portland Opera
 - Portland Youth Philharmonic
 - Tears of Joy
- Performing arts groups pay user fees and rent on space per a Commission-approved schedule

Economic impact to the region (FY 2008-09):

- \$65.2 million in economic impact
- 730 jobs supported
- Attendees spending ranges from \$18-125 per event
- Taxes generated:
 - State of Oregon: \$990,000
 - Multnomah county: \$731,000

Other:

- PCPA is advised by an Advisory Committee comprised of arts advocates, hospitality and tourism industry professionals and MERC Commissioners.
- A private, non-profit, fundraising arm of PCPA is the Friends of the Portland Center for the Performing Arts. Gary Maffei – Merlo Foundation - is the Executive Director.
- Strategic projects include the renovation of ASCH and development of Main Street at SW Broadway.
- PCPA is committed to its partnership with the arts and culture community. An example is the reduction of user fees and rental rates for its resident companies and all nonprofit arts groups.

MERC Venue Fast Facts

Portland Metropolitan Exposition Center

Known as:

- Portland Expo Center or “Expo”
- Oregon’s largest multi-purpose facility

Facility features:

- Complex of 5 halls:
 - Exhibit Halls
 - Hall A: 48,000 sq. ft.
 - Hall B: 36,000 sq. ft.
 - Hall C: 60,000 sq. ft.
 - Hall D: 72,000 sq. ft.
 - Hall D can be divided into Halls D1 and D2
 - Hall E: 108,000 sq. ft., max seating from 5,280 – 9,000
 - Hall E can be divided into Halls E1 and E2
 - 11 Meeting Rooms
 - Boardroom (Hall D): 204 sq. ft., conference table for 10
 - D 101 – 103; D201 – 204; E101 – 102: sq. ft. ranges 330 – 2,380
 - Lounge (Hall A): 1,500 sq. ft.
- Outdoor exhibit space/parking = 2,500 vehicles

Employees:

- 13 full-time employees
- Part-time employees employed on event basis for admissions, ticketing, security, etc.
- Parking and catering services contracted through City Center Parking and Aramark

History:

- Original buildings constructed in 1921 by the Pacific International (PI) Livestock Association
- Campus supported nearby meat processing plants and stockyards built along the Columbia Slough
- After a fire destroying these buildings, rebuilt and established as the largest livestock expo on the West coast; buildings also hosted rodeos and auctions
- 1942: Temporarily renamed the “Portland Assembly Center” using original buildings to house 3,500+ Japanese Americans for 5 months before being deployed to WWII internment camps in CA and ID
- 1965: Multnomah County purchased and renamed it Multnomah County Exposition Center
- 1969: Multnomah County Fair moved to site; also began hosting consumer events
- 1994: Metro assumed ownership/management and began facility updates

MERC Venue Fast Facts

Portland Metropolitan Exposition Center – History (continued)

- 1997: Hall E opened; first modern building with column-free exhibit space, temp control, loading bays, large lobby and meeting rooms
- Smithsonian’s traveling exhibit displayed at Hall E’s inaugural event (33 days, 423,000 attendees)
- 2001: Hall D replaced and reopened as improved and expanded space
- 2004: TriMet opened MAX light rail yellow line with northern destination at Expo

Budget (FY 2009-10):

- Revenue sources: \$5.8 million
 - Operating revenue: \$3.705 million
 - Food & Beverage: \$2.11 million
- Expenses:
 - Operating expenses: \$4.4 million
 - MERC support: \$305,000
 - Metro support: \$273,000
 - Hall D debt service: \$1.18 million
 - \$180,000 capital projects
- **Expo is only venue to receive no TLT or public subsidy**

Business summary:

- Roughly 100 events annually; draws roughly 500,000 people per year
- Host to consumer and trade shows, special events, sports, examples:
 - Pacific Northwest Sportsmen’s Show
 - Home and Garden Shows
 - Portland Boat Show
 - Rose City Classic Dog Show
 - Northwest Ag Show
 - Rose City Gun and Knife Shows
 - Portland Auto Swap Meet
 - America’s Largest Antique and Collectible Shows
 - Special events: Hardy Plant Sale, Boys & Girls Club; Catlin Gabel Rummage Sale, Rose City Rollers
- In FY 2008-09:
 - 56 consumer/public events
 - 24 miscellaneous/other (includes roller derby)
 - 19 meetings
 - 8 trade shows/conventions
 - 3 catered events

MERC Venue Fast Facts

Portland Metropolitan Exposition Center –Business summary (continued)

Economic impact to the region (FY 2008-09):

- \$35.3 million in direct/indirect spending generated throughout tri-county area
- 400 jobs supported
- Attendees spending ranges from \$20-75 per person/day
- Taxes generated:
 - State of Oregon: \$532,000
 - Metro (excise): \$415,000
 - Multnomah County: \$396,000

Other:

- Located on TriMet's MAX yellow line as northern-most destination.
- Sustainable operations and practices currently being implemented.
- A project team is currently updating the Portland Expo Center Master Plan.
- The Columbia River Crossing (CRC) project will have some impact on Expo; a project team is monitoring the bi-state planning process.
- A project team from the Portland State University Graduate School of Business recently engaged in an industry research project to support the development of an action/business plan geared to business retention, business trends and potential growth.

February 2010

Economic and Fiscal Impact Analysis Metropolitan Exposition Recreation Commission



**Final Report
December 21, 2009**

December 21, 2009

Ms. Cheryl Twete, Interim General Manager
Metropolitan Exposition Recreation Commission
1111 SW Broadway Street
Portland, OR 97205

Dear Ms. Twete:

Per our agreement dated April 3, 2008, Crossroads Consulting Services LLC (Crossroads Consulting) has completed its economic and fiscal impact analysis for event activity occurring at the Oregon Convention Center (OCC), the Portland Center for the Performing Arts (PCPA), and the Portland Metropolitan Exposition Center (Expo Center) during fiscal year 2009. The report presented herein includes the summary of findings and principal conclusions from our research.

The findings and assumptions contained in the report reflect analysis of primary and secondary sources including information provided by management at each facility. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. In accordance with the terms of our original engagement letter, the accompanying report is restricted to internal use by the Metropolitan Exposition Recreation Commission (MERC) and may not be relied upon by any third party for any purpose. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and, as such, can be made available to the public upon request. We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or conditions occurring after the date of this report.



This analysis does not constitute an examination, compilation or agreed upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants (AICPA). As such, we do not express an opinion or any other form of assurance on whether the analysis is presented in conformity with AICPA presentation guidelines or on whether the underlying assumptions provide a reasonable basis for the presentation.

You have authorized reports to be sent electronically for your convenience. However, only the final hard copy report should be viewed as our work product.

We have enjoyed working on this engagement and our on-going relationship with MERC and look forward to the opportunity to provide you with continued service.

Sincerely,

Crossroads Consulting Services LLC



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Introduction

MERC is a subsidiary of Metro, an elected regional government. MERC is governed by a Board of Commissioners who are appointed by the Metro Council President upon recommendation from local area governments. Board members share a strong commitment to ensuring that the regional facilities they manage serve the public interest. The board composition includes seven members representing the City of Portland (two), Metro (two), and one each for Clackamas, Multnomah, and Washington Counties. The Commissioners serve four year terms.

MERC works to promote the livability and economic vitality of the Portland metropolitan area through sound stewardship, management and creative development of three public facilities — the OCC, the PCPA, and Expo Center. The mission of the OCC is to maximize economic benefit for the region and the State of Oregon while protecting public investment in the facility. As such, OCC management and marketing policies are aimed at attracting out-of-town visitors and creating new jobs to stimulate economic development while also accommodating local users. PCPA is a cultural hub for the metropolitan region hosting a variety of performances and entertainment events in its multiple theaters contributing to a vibrant and culturally rich region. The Expo Center is the region's primary destination for public events and consumer shows, some of which have been held there for 50 years. In aggregate, these venues hosted over 1,700 events/performances in fiscal year (FY) 2009 that attracted more than 1.9 million people and offered a wide range of experiences for visitors and citizens that contributed to the overall quality of life in metropolitan Portland and the State of Oregon. These venues benefit the community by:

- Hosting a diverse range of cultural activities and experiences
- Providing gathering places for celebrations and business events
- Generating significant economic return through conventions/tradeshows, cultural performances, consumer shows and other events that draw out-of-town visitors and generate spending and jobs within the region

Introduction (cont'd)

MERC's role is to preserve these public facilities by managing maintenance of 1.5 million square feet of public event spaces and facilitating planning of major facility improvements to ensure these venues continue to meet the needs and expectations of event producers, performers, and audiences well into the future.

MERC manages a \$43 million annual budget and generates most of its financial resources through its business enterprise operations. Approximately 70% of operating revenue comes from services and activities such as facility rentals, event services, food/catering, and parking. The remaining 30% of operating funds are generated by lodging industry taxes, government contributions, and investment earnings.

MERC's professional, market-driven approach helps ensure that the facilities in its portfolio achieve long-term success. In addition, staff members offer the highest level of customer service to provide clients and visitors with a positive, enjoyable experience. In order to maintain long-term fiscal viability, MERC is pursuing the following strategies:

- Building alliances with community and business partners
- Effectively marketing MERC venues to retain existing customers and attract new business
- Implementing sustainable practices in maintenance, preservation and capital improvement projects
- Employing prudent financial measures that protect the public investment and minimize debt
- Pursuing strategic initiatives to meet long-term business objectives and client needs

Introduction (cont'd)

The primary purpose of this study is to estimate the economic and fiscal impacts associated with the on-going operations of MERC venues to the regional economy. As such, the study also sought to obtain a better understanding of the impact that these facilities have on nearby businesses.

Specific research tasks conducted by Crossroads Consulting for the analysis include the following:

- Spoke with representatives of MERC and management from all three facilities.
- Reviewed previous studies related to the economic impact of the arts to the Tri-County area.
- Analyzed event-specific attendee and exhibitor surveys conducted by Expo Center staff at select consumer/trade shows in 2008 and 2009.
- Incorporated relevant data and information from event producer surveys completed in 2008.
- Developed financial models to estimate economic and fiscal impacts for each of the three facilities.
- Used event data and financial operating statements supplied by facility management at each facility as inputs to the financial model.
- Summarized the analysis.

Executive Summary - Overview

- This section of the report provides a summary of utilization, financial operations, economic impacts and fiscal benefits for the MERC facilities combined as well as for each of the three individual facilities for both FY 2008 and FY 2009.
- Depending on the particular facility, direct spending generated from attendees, associations/event producers and/or exhibitors as well as from facility expenditures are the key drivers for estimating economic impacts. In addition, the amount and type of event activity in terms of events and attendance can also influence direct spending and therefore economic and fiscal impacts.
- Total economic impact figures are calculated using IMPLAN multipliers, which were updated since last year's report to reflect more current regional economic transaction data. The total spending and income multipliers for the Tri-County Metropolitan Region increased in most categories while the employment multipliers decreased. The change in multipliers is another factor that affects the final economic and fiscal impact figures.
- Because the information presented in the executive summary is extracted from the more detailed analysis, it is important for the reader to review the report in its entirety in order to gain a better understanding of the methodology used to formulate our estimates of economic and fiscal impacts.

Executive Summary - MERC Facilities Combined

- Although the total number of events/performances held at MERC facilities in FY 2009 increased by 15% over the previous year, total attendance remained relatively consistent during the two-year period.
- One of the direct spending components is the facilities' operating expenses. Between FY 2008 and FY 2009, total operating expenses increased by nearly 6%.
- Between FY 2008 and FY 2009, the estimated direct spending generated by the combined MERC facilities decreased by approximately 4% while fiscal impacts decreased by less than 1%.
- During this period, the economic benefits decreased at the OCC and the Expo Center but increased significantly at the PCPA.
- The pages that follow summarize the estimated economic and fiscal benefits for each facility.

Summary of Key Data - MERC Facilities Combined		
Category	FY 2008	FY 2009
Utilization:		
Events/Performances	1,497	1,722
Total Use Days	2,908	3,192
Total Attendance	1,942,100	1,940,400
Financial Operations:		
Operating Revenues	\$30,411,321	\$30,032,163
Operating Expenses	\$37,502,628	\$39,702,772
Net Operating Results	<u>(\$7,091,307)</u>	<u>(\$9,670,609)</u>
Economic/Fiscal Impacts:		
Direct Spending	\$307,394,000	\$294,898,000
Indirect/Induced Spending	\$227,073,000	\$227,138,000
Total Spending	<u>\$534,467,000</u>	<u>\$522,036,000</u>
Total Employment (Full-time equivalents)	5,810	5,540
Total Earnings	\$205,949,000	\$203,672,000
Total Fiscal Benefits	\$18,415,000	\$18,292,000

Executive Summary - OCC

- Between FY 2008 and FY 2009, the total number of events and attendance at the OCC decreased by approximately 11%. Attendee days also decreased by 15% during the same two-year period. In particular, the number of attendee days at conventions and tradeshow decreased by 10% which negatively impacts both economic and fiscal impacts at the facility.
- Between FY 2008 and FY 2009, total operating expenses increased by nearly 5%.
- Based on the event activity and financial operations, the direct spending estimated to be generated from OCC operations decreased by just over 6%. Fiscal impacts decreased slightly by 1%.

Summary of Key Data - OCC		
Category	FY 2008	FY 2009
Utilization:		
Events/Performances	588	521
Total Use Days	1,244	1,128
Total Attendance	614,900	548,300
Total Attendee Days	1,000,279	854,100
Financial Operations:		
Operating Revenues	\$16,862,107	\$15,194,238
Operating Expenses	\$23,131,279	\$24,171,207
Net Operating Results	<u><u>(\$6,269,172)</u></u>	<u><u>(\$8,976,969)</u></u>
Economic/Fiscal Impacts:		
Direct Spending	\$252,763,000	\$236,803,000
Indirect/Induced Spending	\$188,749,000	\$184,554,000
Total Spending	<u><u>\$441,512,000</u></u>	<u><u>\$421,357,000</u></u>
Total Employment (Full-time equivalents)	4,760	4,410
Total Earnings	\$171,453,000	\$165,747,000
Total Fiscal Benefits	\$15,417,000	\$15,228,000

Executive Summary - PCPA

- Between FY 2008 and FY 2009, the total number of events/performances hosted by the PCPA increased by 36% and attendance increased by nearly 15%. More specifically, the number of Broadway performances increased by 56% and total attendance increased by approximately 75%. In addition, the number of concerts increased by 27% and total attendance increased by 16% over the two-year period. An increase in these high impact events affects the economic and fiscal impacts more positively than a similar increase in other types of events.
- During this two-year period, total operating expenses increased by nearly 12%.
- Between FY 2008 and FY 2009, the direct spending generated by PCPA operations increased by more than 15% and fiscal impacts increased by 22%. Both of these increases are primarily attributable to an increase in utilization at the facility and particularly the number of commercial Broadway shows.

Summary of Key Data - PCPA		
Category	FY 2008	FY 2009
Utilization:		
Events/Performances	802	1,091
Total Use Days	1,227	1,615
Total Attendance	817,100	938,100
Financial Operations:		
Operating Revenues	\$7,470,745	\$9,259,380
Operating Expenses	\$9,765,651	\$10,885,600
Net Operating Results	<u>(\$2,294,906)</u>	<u>(\$1,626,220)</u>
Economic/Fiscal Impacts:		
Direct Spending	\$32,748,000	\$37,682,000
Indirect/Induced Spending	\$23,034,000	\$27,613,000
Total Spending	<u>\$55,782,000</u>	<u>\$65,295,000</u>
Total Employment (Full-time equivalents)	630	730
Total Earnings	\$20,842,000	\$24,692,000
Total Fiscal Benefits	\$1,414,000	\$1,721,000

Executive Summary – Expo Center

- Although the total number of events hosted by the Expo Center increased by nearly 3% between FY 2008 and FY 2009, attendance decreased by 11%. In particular, total attendance at consumer/public shows decreased by 5%. In addition, total attendance associated with miscellaneous/other events, such as Roller Derby, Sony Electronics Recycling Event, Girl Fest, etc., decreased by 55%. A decrease in attendance at these relatively high impact events negatively affects the economic and fiscal impacts.
- During this two-year period, total operating expenses at the Expo Center remained relatively consistent, increasing less than 1%.
- Between FY 2008 and FY 2009, the direct spending generated from Expo Center operations decreased by almost 7% and fiscal impacts decreased by just over 15%.

Summary of Key Data - Expo Center		
Category	FY 2008	FY 2009
Utilization:		
Events/Performances	107	110
Total Use Days	437	449
Total Attendance	510,100	454,000
Financial Operations:		
Operating Revenues	\$6,078,469	\$5,578,545
Operating Expenses	\$4,605,698	\$4,645,965
Net Operating Results	<u>\$1,472,771</u>	<u>\$932,580</u>
Economic/Fiscal Impacts:		
Direct Spending	\$21,883,000	\$20,413,000
Indirect/Induced Spending	\$15,290,000	\$14,971,000
Total Spending	<u>\$37,173,000</u>	<u>\$35,384,000</u>
Total Employment (Full-time equivalents)	420	400
Total Earnings	\$13,654,000	\$13,233,000
Total Fiscal Benefits	\$1,584,000	\$1,343,000

The next section of the report discusses the general methodology used to calculate the annual economic and fiscal impacts for each MERC facility.

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General Methodology for Calculating Economic and Fiscal Impacts Generated from Operations of MERC Facilities

An assessment of the economic benefits that could potentially accrue to area municipalities and the State of Oregon as a result of the on-going operations of the OCC, PCPA and Expo Center can be approached in several ways. The approach used in this analysis considers expenditures generated by facility operations from items such as personal services, goods and services, repairs and maintenance, contract services, marketing, utilities, insurance, etc. as well as spending by attendees, sponsoring organizations/event producers and exhibitors as an initial measure of economic activity within the marketplace. Once the amount for direct spending is estimated, a multiplier is applied to generate the total (direct, indirect and induced) spending, earnings and employment associated with facility operations. This "multiplier" effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc.

The economic activity directly generated through the on-going operations of the OCC, PCPA, and Expo Center and the spending of their users affects more than just the facilities and immediately surrounding land uses. As this money ripples through the economy, several other economic sectors are impacted and jobs are created. For example, when a caterer purchases food for an event at a facility everyone from the wholesaler to the farmer that produced the food is impacted as well as local and State government entities that tax these economic transactions.

In addition to the economic impacts associated with spending, employment and earnings, fiscal benefits generated from on-going operations of these three MERC facilities were estimated. As mentioned earlier, the governmental entities considered in this fiscal analysis include Clackamas, Multnomah and Washington Counties as well as Metro and the State of Oregon. Revenues generated from transient lodging tax, excise tax, motor vehicle rental tax, business income tax and personal income tax were estimated. All amounts depicted in this report are presented in 2009 dollars unless otherwise noted.

Methodology – Economic Impact

The three categories of measurement used to assess the economic impact of each public assembly facility are spending, earnings and employment which are defined below:

- **Spending (output)** represents the total direct and indirect/induced spending effects generated by each facility. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- **Earnings** represent the wages and salaries earned by employees of businesses associated with or impacted by each facility's operations. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.
- **Employment** represents the number of full and part-time jobs supported by each facility. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.

Direct Spending

The first step in calculating economic impact is estimating the direct spending. Depending on the particular facility, direct spending can be generated from attendees, associations/event producers and/or exhibitors as well as from facility expenditures.

Methodology – Economic Impact (cont'd)

Attendee Spending

This category attempts to reflect the spending patterns of attendees outside the facility before and after the event. Based on the estimated mix of event activity, attendees at each facility were categorized as either high impact, defined as those generating hotel room nights, or low impact and were assigned different spending amounts based on primary and secondary research including, but not limited to, input from event producers, surveys of attendees and data from various industry resources. This per capita amount was then allocated among various categories of spending including hotel, eating and drinking places, retail, entertainment, and transportation.

Sponsoring Organizations/Event Producers

Sponsoring organizations/event producers typically have substantial investments in the events that they host. These organizations purchase goods and services from either the facility, the food and beverage contractor, audio/visual companies, advertising agencies and/or other outside sources. Items such as exhibit space and equipment rental are typically provided by the facility, which are reflected as revenues for the provider. Since this spending is eventually reflected in the budgetary spending by the facility, these amounts are excluded to avoid double counting. Estimated spending amounts for sponsoring organizations/event producers outside the facility are based on primary and secondary research including, but not limited to, input from event producers and data from various industry resources.

Methodology – Economic Impact (cont'd)

Exhibitors

Exhibitors at events such as conventions, tradeshow and consumer/public shows typically spend more than attendees. Estimated spending amounts for exhibitors are based on primary and secondary research including, but not limited to, input from event producers, surveys of exhibitors and data from various industry resources. This category of direct spending is only applicable for the OCC and the Expo Center. Similar to spending estimated by sponsoring organizations/event producers, adjustments were made to these estimates to avoid double counting with items already reflected in each facility's budgetary spending.

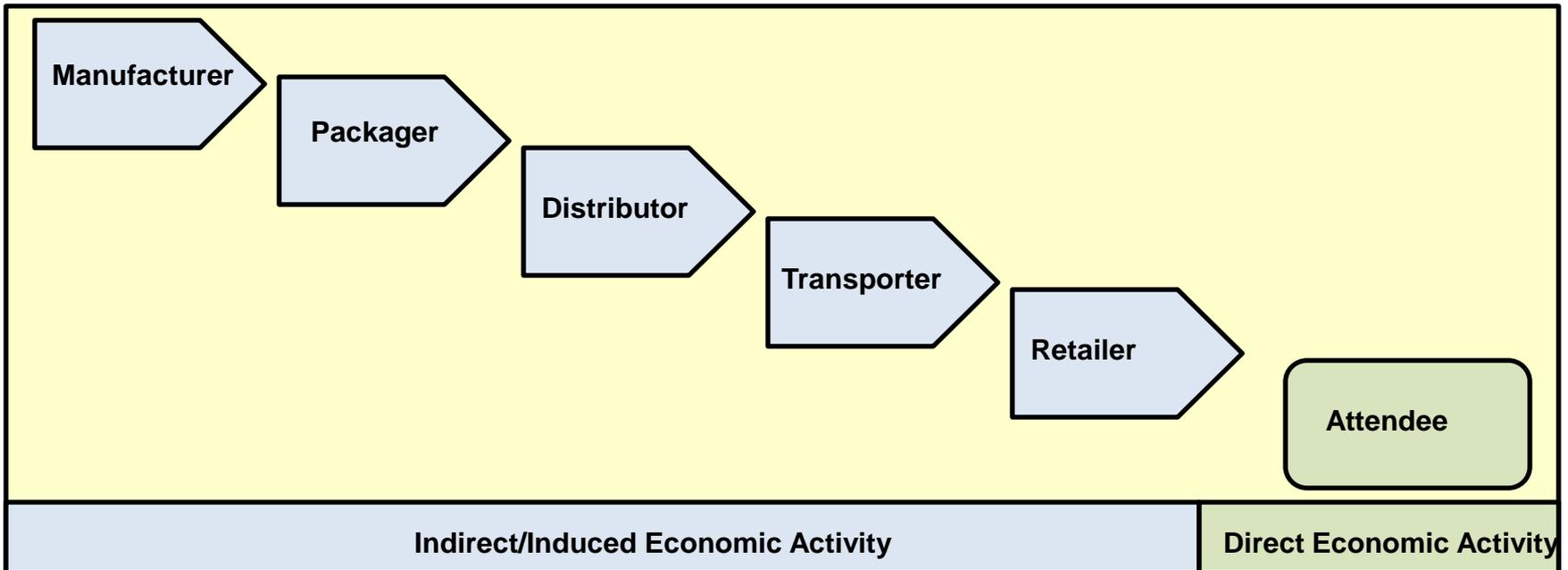
Budgetary Spending

Budgetary spending refers to the “expense side” generated by facility operations as provided by management. Regardless of the source or magnitude of the revenues, this analysis focuses on the operating expenditures at each facility.

Methodology – Economic Impact (cont'd)

Induced/Indirect Spending

The economic activity generated through the on-going operations affects more than just the facilities. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. It is a common misconception to assume that the indirect/induced spending occurs subsequent to the purchase of the good as an "after effect." To further illustrate this point, consider that advertising is purchased, labor is hired, and marketing materials are produced and mailed to a target audience before the attendee spending takes place. To yield direct spending, several intermediary levels of spending must occur first.



Methodology – Economic Impact (cont'd)

Multipliers

In an effort to quantify the inputs needed to produce the total output, economists have developed multiplier models. This “multiplier” effect is estimated in this analysis using a regional economic forecasting model provided by Minnesota IMPLAN Group, Inc., a private economic modeling company. One of the major advantages of this type of model is that it is sensitive to both location and type of spending. The multipliers used to calculate total spending represent the Tri-County Metropolitan Region which is MERC’s constituency. Depending on the venue, the majority of spending may occur in downtown Portland or Multnomah County given that many attendees, exhibitors, show producers and/or cast/crew choose to stay in hotels proximate to where the event is held.

As a final step, the direct spending amounts estimated for each facility were assigned to a logical category and applied to the multipliers in order to calculate estimates for total spending, total earnings and total employment (jobs). The multipliers used to calculate total spending are shown in the table below:

Tri-County Metropolitan Region Multipliers			
Category	Spending	Earnings	Employment*
Hotels	1.7374	0.5976	18.7
Eating & Drinking Places	1.7255	0.5914	23.3
Retail Trade	1.6715	0.6614	20.2
Entertainment	1.8301	0.7093	29.3
Transportation	1.7176	0.6553	14.4
Business Services	1.8715	0.8411	16.2

Note: *Indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

Methodology – Fiscal Impact

The estimated spending generated by the on-going operations of the OCC, PCPA and Expo Center creates tax revenues for the Tri-County Metropolitan Region. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the facility, additional spending occurs in other areas within the Tri-County Metropolitan Region, particularly spending on items such as business services and everyday living expenses of residents.

Major tax sources impacted by facility operations were identified in order to estimate the taxable amounts to apply to each respective tax rate. Although other taxes, such as property taxes and gasoline taxes, may also be impacted by the on-going operations of MERC facilities, this analysis estimated revenues generated from the following taxes based on the direct and indirect/induced spending amounts previously defined:

State of Oregon

- Personal Income Tax
- Transient Lodging (Hotel/Motel) Tax
- Corporate Excise and Income Tax

Metro

- Excise Tax

Clackamas County

- Transient Room Tax

Multnomah County

- Transient Lodgings Tax
- Motor Vehicle Rental Tax
- Business Income Tax

Washington County

- Lodging Tax

Other jurisdictions not shown in this analysis are also positively impacted by operations of MERC venues. For instance, the City of Portland receives a portion of the Multnomah County lodging tax and likely increased property tax revenue due to patron spending by PCPA attendees, cast/crew and OCC event attendees at City businesses.

Methodology – Fiscal Impact (cont'd)

The following provides a brief description of the taxes estimated for this analysis.

State of Oregon

Personal Income Tax – The State of Oregon imposes a personal income tax, which is calculated on a graduated scale. Personal income tax is the State of Oregon's largest source of revenue. Based on information from the State of Oregon Department of Revenue, the statewide effective tax rate for personal income is 5.7%. For purposes of this analysis, personal income tax was calculated by applying the effective tax rate of 5.7% to 57% of total earnings estimated to be generated by each individual facility, which represents the State's average taxable income as a percentage of total income.

Transient Lodging Tax – Effective in 2004, public and private lodging providers began paying a 1% State transient lodging tax. This tax is in addition to and not in place of any local transient lodging tax. This tax continuously appropriates funds to the Oregon Tourism Commission to promote tourism programs in the State. For purposes of this analysis, the 1% tax rate was applied to 100% of direct hotel spending estimated to be generated by each individual venue.

Corporate Excise and Income Tax – Corporate excise and income tax is the second largest source of revenue for the State. All corporations doing business in Oregon pay excise tax while corporations not doing business in the State but having income from an Oregon source pay income tax. The corporate tax rate is 6.6% of Oregon net income. For purposes of this analysis and based on information from the State of Oregon Department of Revenue, the 6.6% tax rate was applied to 5.1% of direct spending estimated to be generated by each facility in order to reflect net taxable income.

Methodology – Fiscal Impact (cont'd)

Metro

Excise Tax – Metro imposes an excise tax of 7.5% of total earned revenues of MERC facilities. The tax is remitted on a monthly basis to Metro and is a General Fund Revenue dedicated to the funding of general government activities as well as various planning, parks and green spaces activities. For purposes of this analysis, the actual excise tax amount paid by the OCC and the Expo Center was used. The PCPA does not remit excise tax.

Clackamas County

Transient Room Tax – Clackamas County imposes a 6% transient room tax on hotels, defined as any structure or any portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less for dwelling, lodging or sleeping purposes. Revenues generated by this source are allocated as follows: two points are used for administration purposes, a flat fee is allocated to help fund the County Fair and the remaining amount goes to the Tourism Development Council Fund which is used to promote tourism. The flat fee allocated to the County Fair was originally set at \$250,000 per year and is adjusted by CPI annually. As a point of reference, the flat fee was approximately \$383,700 in FY 2009.

In addition to the 6% tax rate imposed by Clackamas County, several cities in the County also impose additional transient room taxes, which range from 3% to 5%. For purposes of this analysis, a tax rate of 9% was applied to 100% of direct hotel spending in the County. Although all tax revenue is generated within the County, the County only retains six of the nine points while the various cities within the County receive the remaining amount. This tax was only estimated for OCC related event activity given this venue's relatively higher room night generation and impact to surrounding counties.

Methodology – Fiscal Impact (cont'd)

Multnomah County

Transient Lodging Tax – Multnomah County imposes a tax of 11.5% of the rent charged by the operator of any structure or any portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less for dwelling, lodging or sleeping purposes. This tax is generally allocated as follows:

- Five points of the tax collected by Multnomah County within the City limits goes to the City of Portland General Fund
- One point of the tax is allocated to the City of Portland to contract with a not-for-profit agency to promote the destination (i.e., Travel Portland)
- A three point surcharge rate of the tax is allocated to the excise tax fund of which hotel operators can deduct 5% of the three points for administrative costs. The remaining amount is dedicated to various projects such as the OCC, the Portland Center for the Performing Arts, and the Regional Arts and Culture Council
- A 2.5 point surcharge rate of the tax is allocated to the Visitors Facilities Trust Account (VFTA) of which hotel operators can deduct 5% of the 2.5 points for administrative costs

For purposes of this analysis, the 11.5% tax rate was applied to 100% of direct hotel spending estimated to be generated in Multnomah County by each facility's operation.

Methodology – Fiscal Impact (cont'd)

Multnomah County (cont'd)

Motor Vehicle Rental Tax – Multnomah County levies a tax on the rental of motor vehicles from a commercial establishment doing business in the County if the rental is for a period of 30 days or less. The total tax rate in effect for the majority of 2009 was 12.5% of the rental fee charged by the commercial establishment for the rental. The tax is remitted to the County on a quarterly basis. The collections from the base rate of 10% are allocated to the County's general fund while the remaining 2.5% is allocated to the Visitors Facilities Trust Account (VFTA). Effective June 15, 2009 the total tax rate increased to 17%, however, for purposes of this analysis, the tax rate of 12.5% was used and applied to 50% of direct local transportation spending in Multnomah County generated by OCC operations.

Business Income Tax – A business income tax is imposed on each business within Multnomah County equal to 1.45% of the net income from that business within the County. This tax is administered by the City of Portland. For purposes of this analysis, the business income tax rate of 1.45% was applied to 5.1% of total direct spending in order to reflect net taxable income estimated to be generated by each facility's operation.

Methodology – Fiscal Impact (cont'd)

Washington County

Lodging Tax – Washington County imposes a 9% tax on short term stays in hotels, motels and RV parks. For purposes of this analysis, a 9% tax rate was applied to direct hotel spending in Washington County. This tax was only estimated for OCC related event activity given this venue's relatively higher room night generation and impact to surrounding counties. The allocation of collections is as follows:

- One point is dedicated to the Visitor's Association
- One point is dedicated to the Fair Board to support the County Fair
- Two points are granted to the promotion of tourism and are no longer automatically given to the County's Visitor's Association; rather all interested parties must submit proposals to the County for an allocation of this portion, including the Visitor's Association
- The remaining five points are split between the County and cities and are primarily used to fund functions such as public safety, public health, transportation and other local government services.

Other Jurisdictions

In addition to those jurisdictions previously described, other area governments could potentially benefit from MERC facility operations which generate patron spending at regional business establishments.

Conversations with management at a sample of hotels and restaurants suggest event activity at MERC facilities positively impacts their business as well as that of other establishments nearby.

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Summary of Event Activity at MERC Facilities in FY 2009

MERC facilities hosted a combined total of over 1,700 events/performances that attracted more than 1.9 million attendees in FY 2009. These events are diverse in nature and attract both residents and out-of-town attendees. This event activity occupied MERC facilities for nearly 3,200 total use days which are defined as the actual number of days a particular event takes place as well as any necessary days required for move-in/move-out of the event.

Events hosted at OCC include national and international conventions/tradeshows, public shows, meetings and social functions. PCPA events include performing arts events, comedy/concerts, lectures, meetings and receptions. Expo event activity is comprised primarily of public shows and trade shows where regional businesses can exhibit their goods as well as meetings and social functions.

Summary of Event Activity at MERC Facilities in FY 2009				
	OCC	PCPA	Expo Center	Total
Events/Performances	521	1,091	110	1,722
Total Use Days	1,128	1,615	449	3,192
Attendance	548,300	938,100	454,000	1,940,400

Notes: Attendance figures rounded to the nearest hundred.
For PCPA, one event can have multiple performances.
Source: MERC management.

Summary of Financial Operations at MERC Facilities in FY 2009

MERC facilities generated approximately \$30 million in operating revenues in FY 2009. Both OCC and PCPA generated an operating loss which is partially subsidized by non-operating revenues such as transient lodging tax and government support from the City of Portland. It is not unusual for convention centers and performing arts centers to operate at a loss given that the mission of these venues is to generate economic impact by attracting out-of-town visitors and to offer diverse cultural arts activities to area residents. On the other hand, the Expo Center serves as the region's primary destination for public events and consumer shows that attract primarily area residents, and realized a net operating income of nearly \$933,000 in FY 2009. In aggregate, MERC facilities generated a net operating loss of approximately \$9.7 million before non-operating revenues and expenses, transfers and capital.

Summary of Financial Operations at MERC Facilities FY 2009				
Category	OCC	PCPA	Expo Center	Total
Total Operating Revenues	\$15,194,238	\$9,259,380	\$5,578,545	\$30,032,163
Total Operating Expenditures	24,171,207	10,885,600	4,645,965	39,702,772
Net Operating Results	(8,976,969)	(1,626,220)	932,580	(9,670,609)
Net Non-Operating	8,994,723	2,814,404	109,354	11,918,481
Capital	(659,907)	23,564	(173,682)	(810,025)
Transfers	(17,799)	0	(1,192,232)	(1,210,031)
Fund Balance Increase/(Decrease)	(\$659,952)	\$1,211,748	(\$323,980)	\$227,816

Note: For purposes of this analysis, support and risk management costs are included in operating expenditures.

Source: MERC Management

Summary of Estimated Economic Benefits Generated from Operations of MERC Facilities in FY 2009

The table below summarizes the estimated economic impacts generated from MERC facilities in FY 2009 in terms of total direct and indirect/induced spending, employment and earnings based on the methodology and assumptions outlined in this report. As shown, MERC facilities were estimated to generate approximately \$522.0 million in total spending within the region and 5,540 full-time equivalent (FTE) jobs. As a point of reference, there are currently approximately 174 full-time employees at these three MERC facilities: OCC (113); PCPA (47) and Expo Center (14).

Summary of Estimated Economic Benefits Generated from Operations of MERC Facilities in FY 2009				
Category	OCC	PCPA	Expo Center	Total
Total Economic Benefits:				
Direct Spending (Output)	\$236,803,000	\$37,682,000	\$20,413,000	\$294,898,000
Indirect/Induced Spending	\$184,554,000	\$27,613,000	\$14,971,000	\$227,138,000
Total Direct and Indirect/Induced Spending	\$421,357,000	\$65,295,000	\$35,384,000	\$522,036,000
Total Direct and Indirect/Induced Employment (Number of FTE jobs)	4,410	730	400	5,540
Total Direct and Indirect/Induced Earnings	\$165,747,000	\$24,692,000	\$13,233,000	\$203,672,000

Notes: (1) Dollar amounts are rounded to the nearest thousand.

(2) FTE denotes full-time equivalent employees.

(3) Earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the facility.

Summary of Estimated Fiscal Benefits Generated from Operations of MERC Facilities in FY 2009

Based on the event activity and financial operating data provided by MERC as well as other assumptions outlined in this report, MERC facilities were estimated to generate approximately \$18.3 million in tax revenues in FY 2009. For purposes of this analysis, fiscal benefits associated with the on-going operations of MERC facilities are estimated for the following jurisdictions: the State of Oregon, Metro, Clackamas County, Multnomah County and Washington County.

Summary of Estimated Fiscal Benefits Generated from Operations of MERC Facilities in FY 2009				
Category	OCC	PCPA	Expo Center	Total
State of Oregon				
Personal Income Tax	\$5,385,000	\$802,000	\$430,000	\$6,617,000
Corporate Excise and Income Tax	797,000	127,000	69,000	993,000
Transient Lodging Tax	577,000	61,000	33,000	671,000
Subtotal	\$6,759,000	\$990,000	\$532,000	\$8,281,000
Metro				
Excise Tax	\$1,147,000	see note 1	\$415,000	\$1,562,000
Clackamas County				
Transient Room Tax	\$426,000	see note 2	see note 2	\$426,000
Multnomah County				
Transient Lodgings Tax (see note 3)	\$5,156,000	\$703,000	\$381,000	\$6,240,000
Motor Vehicle Rental Tax	876,000	see note 4	see note 4	876,000
Business Income Tax	132,000	28,000	15,000	175,000
Subtotal	\$6,164,000	\$731,000	\$396,000	\$7,291,000
Washington County				
Lodging Tax	\$732,000	see note 2	see note 2	\$732,000
Total Tax Benefits	\$15,228,000	\$1,721,000	\$1,343,000	\$18,292,000

Notes: (1) Amounts are rounded to the nearest thousand.

(2) No excise tax is collected from PCPA as part of the intergovernmental agreement with the City of Portland.

(3) Transient lodging tax associated with event activity at the PCPA and Expo Center is only estimated for Multnomah County because it is assumed that most benefits occur in this jurisdiction.

(4) Although Multnomah county collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland for a) its general fund and b) to fund Travel Portland.

(5) Motor vehicle rental tax was only calculated for event activity at the OCC.

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General Overview of the OCC

OCC's mission is to maximize economic benefit for the region and the State while protecting public investment in the facility. Originally opened in September of 1990 and expanded in April of 2003, the OCC currently offers the following components:

- *Exhibit Space:* 255,000 square feet of contiguous space divisible into six exhibit halls
- *Ballroom Space:* 59,400 square feet of total space, which includes a 25,200-square foot ballroom and a 34,200-square foot ballroom
- *Meeting Space:* 50 rooms totaling 52,330 square feet of meeting space
- *Lobby/Pre-function Space:* Over 100,000 square feet
- *Skyview Terrace:* 7,000 square feet
- *Parking:* 800-space underground parking garage on-site and 2,500 parking spaces within walking distance

Over the last several years, the Portland Development Commission (PDC), in conjunction with MERC and Travel Portland, has actively sought the development of a headquarters hotel adjacent to the OCC. A Development Team was selected, Phase 1 of the project was completed, and several consultants were engaged to prepare pro formas, impact reports, employment numbers and costs of the headquarters hotel. In September 2009, the City of Portland, Multnomah County, and Metro met and agreed that the current development agreement for the headquarters hotel should be allowed to expire. Citing declining transient lodging tax revenues, lower occupancies, a stale economy and a projected longer recovery period, the financing model for the headquarters hotel project, which included transient lodging taxes as a key component, is no longer a feasible funding option. A collaborative process is underway to determine a plan of action for the region's facilities that support tourism and the hospitality industry and what the long term operational and marketing needs will be to be successful going forward.

General Overview of the OCC (cont'd)

The Tri-County Metropolitan Region benefits from the on-going operations of the OCC in a number of ways, including such tangible and intangible benefits as:

- Enhancing the area's image as a business, meetings and tourist destination
- Receiving regional and national exposure through destination marketing and visitation
- Providing a first-class meeting venue for area residents and out-of-town delegates/attendees
- Unifying the market area and creating a more distinct identity
- Serving as a catalyst for urban redevelopment initiatives
- Generating additional economic activity and enhanced fiscal revenues

While the value of some of these benefits is difficult to measure, the economic activity generated by the OCC within the Tri-County Metropolitan Region can be quantified in terms of spending, employment and earnings. Based on information from a variety of sources including, but not limited to, representatives from area municipalities, OCC management and its advisors, this analysis summarizes the estimated direct, indirect and induced economic benefits and tax benefits to the entire Tri-County Metropolitan Region as well as to each individual county from the OCC's operations in FY 2009.

Summary of OCC Event Activity in FY 2009

In FY 2009, the OCC hosted 521 events which drew total attendance of approximately 548,300.

Summary of OCC Event Activity in FY 2009								
Event Type	Events		Total Attendance		Average Attendance	Total Attendee Days		Average Attendee Days
Conventions/Tradeshows	86	17%	158,899	29%	1,848	424,099	50%	4,931
Meetings	276	53%	80,368	15%	291	105,621	12%	383
Other	159	31%	308,993	56%	1,943	324,380	38%	383
Total	521	101.0%	548,260	100%		854,100	100%	

Note: Other events include public shows and food and beverage functions.

Source: OCC Management

The number of attendee days is an important component in the methodology used to calculate economic impact. For conventions/tradeshows, meetings as well as food and beverage events, an attendee day is defined as total attendance multiplied by the event length. For example, a three-day convention with 600 delegates equates to 1,800 attendee days which reflects that the same delegates return to the event each of the three days. Conversely, attendee days for public shows are assumed to be the same as total attendance since most attendees generally attend a public show only once during the event. As shown in the table above, the OCC generated 854,100 attendee days in FY 2009.

Summary of OCC Event Activity in FY 2009 by Scope

When estimating economic impact, different spending amounts were applied to attendees based on whether they are attending State/local or national/regional/international events. Although approximately 85% of all events hosted at the OCC in FY 2009 were State/local in scope, approximately 44% of conventions/tradeshows and 66% of related attendee days were generated from national/regional/international events. In addition, approximately 22% of attendee days at meetings were national/regional/international in scope suggesting that OCC management has been successful in booking more high impact meetings as the convention/tradeshow business continues to be competitive.

Because State/local events are typically booked within a shorter timeframe than regional/national/international activity, it is a common strategy for convention centers to book these in order to positively influence revenues.

Summary of OCC Event Activity in FY 2009										
Event Type	Events					Attendee Days				
	State/Local		National/Regional/International		Total	State/Local		National/Regional/International		Total
Conventions/Tradeshows	48	56%	38	44%	86	143,880	34%	280,219	66%	424,099
Meetings	246	89%	30	11%	276	82,115	78%	23,506	22%	105,621
Other	151	95%	8	5%	159	299,210	92%	25,170	8%	324,380
Total	445	85%	76	15%	521	525,205	61%	328,895	39%	854,100

Source: OCC Management.

Estimate of Economic Benefits Generated From On-Going Operations of the OCC in FY 2009

The table to the right summarizes the estimated economic impacts generated from OCC operations in FY 2009 in terms of total direct and indirect/induced spending, employment and earnings for the entire Tri-County Metropolitan Region as well as the allocation of this spending among the three individual counties.

The estimated \$421.4 million in total spending and 4,410 jobs are significant impacts to the surrounding region's economy.

The pages that follow discuss each component in more detail.

Estimated Economic Benefits To the Tri-County Metropolitan Region From OCC Operations in FY 2009	
Total Economic Benefits:	Tri-County Region
Direct Spending (Output)	\$236,803,000
Indirect/Induced Spending	\$184,554,000
Total Direct and Indirect/Induced Spending	\$421,357,000
Total Direct and Indirect/Induced Employment (# of FTE jobs)	4,410
Total Direct and Indirect/Induced Earnings	\$165,747,000
Total Economic Benefits:	Clackamas County
Direct Spending (Output)	\$25,507,000
Indirect/Induced Spending	\$19,961,000
Total Direct and Indirect/Induced Spending	\$45,468,000
Total Direct and Indirect/Induced Employment (# of FTE jobs)	470
Total Direct and Indirect/Induced Earnings	\$18,054,000
Total Economic Benefits:	Multnomah County
Direct Spending (Output)	\$178,624,000
Indirect/Induced Spending	\$139,138,000
Total Direct and Indirect/Induced Spending	\$317,762,000
Total Direct and Indirect/Induced Employment (# of FTE jobs)	3,320
Total Direct and Indirect/Induced Earnings	\$124,848,000
Total Economic Benefits:	Washington County
Direct Spending (Output)	\$32,673,000
Indirect/Induced Spending	\$25,453,000
Total Direct and Indirect/Induced Spending	\$58,126,000
Total Direct and Indirect/Induced Employment (# of FTE jobs)	610
Total Direct and Indirect/Induced Earnings	\$22,846,000

Notes: (1) Dollar amounts are rounded to nearest thousand.

(2) FTE denotes full-time equivalent employees.

(3) There may be slight differences due to rounding.

(4) Earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the facility.

Summary of Direct Spending Inputs

The first step in calculating economic impact is estimating the direct spending. The benefits generated at the local level result from the impact of direct spending both by attendees and activities that support events held at the OCC. Direct spending impacts from operations are annually recurring in nature. The direct spending categories quantified in this analysis are:

- Attendee spending, including out-of-town delegates and local attendees
- Association spending
- Exhibitor spending
- Budgetary spending by the OCC

Per capita attendee spending amounts were estimated based on the Convention Expenditure and Impact Study conducted by Destination Marketing Association International (DMAI), which reflects the spending patterns of thousands of convention and meeting delegates from a broad base of meeting types. The 2005 Convention Expenditure and Impact Study Update provided the spending attributes for regional/national/international business and these amounts were inflated by a 3% annual rate to reflect 2008 dollars. However, because the Consumer Price Index (CPI) suggests that the inflation rate remained stable between 2008 and 2009 in the Portland-Salem Metro Area, these amounts were not further inflated. According to DMAI, State/local spending attributes were unavailable due to an inadequate sample for their most recent survey conducted in 2003 (77 event organizers responded representing primarily regional/national/international events). As such, and for purposes of this analysis, amounts from the 2002 Convention Income Survey were inflated by a 3% annual inflation rate to reflect spending generated by State/local events in 2008 dollars without further adjustments for 2009 dollars.

Summary of Direct Spending Inputs (cont'd)

Attendee Spending

Based on information provided by management, OCC events were analyzed to distinguish attendees at regional/national/international events from those at State/local events. For purposes of this analysis, high impact attendees were defined as those that stay overnight in a hotel room. In general, low impact attendees are local patrons attending consumer shows, civic events and meetings. As such, adjustments were made to the DMAI spending amounts to account for low impact spending. For purposes of this analysis, all attendees at regional/national/international events were classified as high impact. In addition, 30% of State/local convention/tradeshaw attendees and 5% of attendees at all other State/local events were assumed to be high impact. All remaining attendees were classified as low impact.

The following table presents the spending characteristics per delegate per day for State/local and regional/national/international events.

Per Day Spending	State/Local Events		Regional/ National/ International Events
	High Impact	Low Impact	High Impact
Delegate	\$256.71	\$29.25	\$316.88

Source: DMAI.

Summary of Direct Spending Inputs (cont'd)

Association & Exhibitor Spending

Sponsoring organizations have substantial investments in the events that they host. These organizations purchase goods and services from either the convention center, food and beverage contractor or from outside sources. Items such as exhibit space and equipment rental are typically provided by the convention center, which are reflected as revenues for the provider. Since this spending is eventually reflected in the budgetary spending by the convention center, these amounts are excluded from association spending to avoid double counting. The estimated association spending amounts used in this analysis were from the DMAI Convention Expenditure and Impact Study and were based on spending amounts per delegate day.

The DMAI Convention Expenditure and Impact Study also estimates spending for exhibitors per attendee day. Similar to association spending, adjustments were made to these estimates to avoid double counting. Based on conversations with DMAI representatives, exhibitor spending at State/local events can be higher than that at regional/national/international events since these exhibitors are more likely from the local area. Thus, they tend to spend a greater portion of their exhibit-related expenses within their own community. Conversely, exhibitors attending regional/national/international events are likely to spend a greater portion of their expenses where they are based as opposed to the event location.

Association and exhibitor spending estimates per delegate per day by scope of event are shown below.

Per Day Spending ¹	Regional/ National/ International	
	State/ Local	International
Association	\$16.04	\$16.88
Exhibitor	\$124.97	\$79.09

Note: ¹ Amounts reflect spending per delegate.

Source: DMAI.

Summary of Direct Spending Inputs (cont'd)

Budgetary Spending by the OCC

Budgetary spending refers to the “expense side” generated by the OCC. Regardless of the source or magnitude of the revenues that the building produces, this analysis focused on the operating expenditures occurring in the Tri-County economies. Based on information provided by management, operating expenditures for the OCC were approximately \$24.2 million in FY 2009.

Summary of Direct Spending Inputs

Based on information provided by facility management and DMAI spending estimates, the total direct spending related to OCC operations generated from attendees, associations and exhibitors as well as operating expenditures was estimated to be approximately \$236.8 million in FY 2009. Attendee and association/exhibitor spending amounts are directly related to the number of convention/tradeshow attendee days. The table below shows the breakdown of estimated direct spending among these three categories.

Category	FY 2009
Attendee Spending	\$133,423,000
Association/Exhibitor Spending	79,209,000
OCC Budgetary Spending	24,171,000
Total	\$236,803,000

Notes: Amounts are rounded to the nearest thousand.

Summary of Direct Spending Inputs (cont'd)

Once the total economic impact for the Tri-County Metropolitan Region was estimated, a percentage of the total was allocated to each of the three counties. Allocations for hotel spending were based on the historical transient lodging tax receipts for each county as a percentage of the total collections within the Tri-County Metropolitan Region. Allocations for all other spending were calculated in the same manner based on historical information on travel spending as provided by Dean Runyan Associates to the Oregon Tourism Commission. The table below summarizes the allocations for hotel and all other spending used in this analysis.

County	% Allocation	
	Hotel Spending	All Other Spending
Clackamas	8.2%	11.6%
Multnomah	77.7%	74.7%
Washington	14.1%	13.7%
Total	100.0%	100.0%

Source: Dean Runyan Associates.

Estimate of Fiscal Benefits Generated From On-Going Operations of the OCC in FY 2009

Tax revenues generated from OCC operations and related spending in FY 2009 were estimated to be approximately \$15.2 million.

Estimated Fiscal Benefits From OCC Operations	
FY 2009	
State of Oregon	
Personal Income Tax	\$5,385,000
Corporate Excise & Income Tax	797,000
Transient Lodging Tax	577,000
Subtotal	\$6,759,000
Metro	
Excise Tax	\$1,147,000
Subtotal	\$1,147,000
Clackamas County	
Transient Room Tax	\$426,000
Subtotal	\$426,000
Multnomah County	
Transient Lodging Tax	\$5,156,000
Motor Vehicle Rental Tax	876,000
Business Income Tax	132,000
Subtotal	\$6,164,000
Washington County	
Lodging Tax	\$732,000
Subtotal	\$732,000
GRAND TOTAL	\$15,228,000

Notes: (1) Amounts are rounded to the nearest thousand.

(2) Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland for a) its general fund and b) to fund Travel Portland.

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General Overview of the PCPA

The PCPA is home to Portland's finest music, theatre, dance, lectures and more which are held each year in one of its three separate buildings: the Keller Auditorium, the Arlene Schnitzer Concert Hall, and the Antoinette Hatfield Hall (formerly called the New Theatre Building) which houses the Newmark Theatre, the Dolores Winningstad Theatre and Brunish Hall. MERC began overseeing the PCPA in the 1980s through an Inter-Governmental Agreement (IGA) with the venue's owner, the City of Portland. Since that time, these facilities have undergone significant renovation and improvement, in part due to generous private support.

PCPA's mission is to provide responsibly managed performance spaces fostering a diverse performing arts environment. Located seven blocks southeast of the other theatres, the Keller Auditorium hosts diverse events such as grand opera, rock, western and jazz concerts, ballet and modern dance performances, and national tours of Broadway musicals and plays. The original building was constructed in 1917 and was completely renovated in 1968 with substantial technical improvements made in 1993. Keller Auditorium features seating for 2,992 people, a 107 x 41-foot stage, excellent acoustics and sight lines, orchestra pit for 70 musicians, dressing rooms and a rehearsal room.

Opened in 1984, the beautifully restored Arlene Schnitzer Concert Hall was originally the Portland Public Theatre which was built in 1928. The Italian Rococo Revival architecture was said to be the national showcase of Rapp & Rapp, renowned Chicago theatre architects. Portland residents Arlene and Harold Schnitzer contributed generously to the completion of this phase of the PCPA. The one-year, \$10 million renovation involved repairing, recasting or replacing much of the theatre's ornate interior as well as making it comfortable and safe for today's audiences and performers. The Concert Hall hosts a variety of events including classical, jazz, pop, rock, folk and gospel music, dance, theatre, travel films, conferences, and weddings. Features include seating for 2,776, a 94 x 32-foot stage, an orchestra pit for 15; a choir loft, dressing rooms and a portable, flexible acoustical shell.

General Overview of PCPA (cont'd)

Located in the heart of downtown Portland, the 127,000 square foot Antoinette Hatfield Hall includes two theatres; a multi-purpose space suitable for recitals, receptions or other events; a small restaurant, box office, administrative offices for PCPA, and executive offices for MERC.

The Newmark Theatre was designed primarily for drama productions. It is also suitable for opera, dance, ballet, chamber orchestra, recitals, conferences and films. The theatre features continental-style seating for 880 people. The Dolores Winningstad Theatre is a high-tech, updated version of a Shakespearean courtyard theatre, designed to be a multi-purpose space, providing maximum flexibility for drama, dance, chamber music, recitals, lectures and receptions. The Dolores Winningstad Theatre features flexible seating for 292 patrons. Brunish Hall is a 3,150 square-foot multi-purpose space that is simple in its design yet features amenities that allow it to be used as a performance space, meeting and/or banquet space.

PCPA is home to several performance companies including, but not limited to, the following:

- Oregon Ballet Theatre
- Oregon Children's Theatre
- Oregon Symphony Orchestra
- Portland Opera
- Portland Youth Philharmonic
- Tears of Joy

General Overview of PCPA (cont'd)

The PCPA is located in the Cultural District downtown which includes other institutions dedicated to fine and performing arts such as the Oregon Historical Society, Portland Art Museum and the Northwest Film Center. The PCPA's three unique properties contribute to the vibrancy of Portland's center city and its cultural identity.

The region benefits from the on-going operations of the PCPA in a number of ways, including such tangible and intangible benefits as:

- Supporting the vibrancy of downtown Portland by attracting residents and visitors to business establishments
- Contributing to arts educational institutions including children's theater
- Providing a venue for lectures, symposiums and other unique speaking engagements
- Generating public awareness and funding of arts organizations
- Providing an alternative entertainment option for both residents and visitors, including OCC convention attendees and business travelers
- Enhancing business for other area companies involved in related services purchased by arts organizations (e.g., advertising, transportation, printing, etc.)
- Attracting in-kind and cash contributions from local arts supporters
- Generating additional economic activity and enhanced fiscal revenues

While the value of some of these benefits is difficult to measure, this analysis summarizes the estimated direct, indirect and induced economic benefits and tax benefits from PCPA's operations in FY 2009 based on information from several primary and secondary sources including, but not limited to, representatives from area municipalities, PCPA management, producers of events and the *2007 Arts & Economic Prosperity* report published by Americans for the Arts.

Summary of PCPA Event Activity in FY 2009

In FY 2009, PCPA hosted nearly 1,100 performances that accounted for more than 1,600 total use days and attracted approximately 938,000 attendees. Approximately 62% of performances, 68% of total use days and 48% of total attendance were generated from performing arts related events. Nine (9) Broadway shows accounted for approximately 30% of total attendance. In addition, concerts generated approximately 14% of the total attendance. These shows contribute to the economic impact by attracting overnight attendees as well as cast, crew and production members from out-of-town that generate spending on items such as lodging, restaurants, entertainment and transportation.

Summary of Event Activity at the PCPA in FY 2009				
Event Type	Performances	Total Use Days	Total Attendance	Average Attendance Per Performance
Performing Arts	677	1,104	454,063	671
Broadway	125	127	279,963	2,240
Lectures	30	30	41,778	1,393
Meetings/Receptions	41	43	6,068	148
Concerts	104	173	131,645	1,266
Miscellaneous Event	107	119	24,541	229
Miscellaneous Non-Event	7	19	-	-
Total	1,091	1,615	938,058	

- Notes: (1) Miscellaneous events include film festivals, symphony rehearsals and graduations.
 (2) Miscellaneous non-events include film shoots and symphony auditions.
 (3) One event can have multiple performances.

Source: PCPA Management

Estimate of Economic Benefits Generated From On-Going Operations of the PCPA in FY 2009

As shown in the table below, it is estimated that PCPA event activity generated approximately \$65.3 million in total spending and 730 jobs in FY 2009, which are considerable impacts to the region's economy.

Estimated Economic Benefits From PCPA Operations	
Category	FY 2009
Spending	
Direct Spending (Output)	\$37,682,000
Induced/Indirect Spending	\$27,613,000
Total Spending	<u>\$65,295,000</u>
Total Earnings	\$24,692,000
Total Employment (number of FTEs jobs)	730

Notes: (1) Dollar amounts are rounded to the nearest thousand.

(2) FTE denotes full-time equivalent employees.

(3) Earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the facility.

The pages that follow discuss each component in more detail.

Summary of Direct Spending Inputs

Attendee Spending Outside PCPA

Based on information provided by management, input from event producers as well as the *2007 Arts & Economic Prosperity Report* commissioned by Americans for the Arts, the Regional Arts & Culture Council and Northwest Business for Culture & the Arts, attendees were categorized as high impact, defined as those staying overnight in a hotel room, or low impact which generally include local patrons. This report collected 905 surveys from attendees at a range of arts events in Portland to gain an understanding of where they were from as well as their level and distribution of spending. In 2006, 76% of respondents indicated they were residents of the Tri-County region while the remaining 24% were considered non-residents. For purposes of this analysis, we assumed 12% (or one-half the estimated percentage of non-residents) of attendees at performing arts events, Broadway shows and concerts were high impact. In addition, spending estimates from the *Arts & Economic Prosperity Report* were adjusted to avoid double counting spending that was accounted for in budgetary spending and inflated to reflect 2009 dollars. Based on these assumptions, the following table outlines per day attendee spending figures applied to estimates of high and low impact attendees. Spending by attendees inside PCPA venues is taken into account by the facility's budgetary spending.

Per Day Spending	High Impact	Low Impact
Attendee	\$102.00	\$18.00

Summary of Direct Spending Inputs (cont'd)

Cast/Crew and Producer Personnel Spending Outside PCPA

Cast and crew members involved in a Broadway production come from out-of-town and as such generate spending on lodging, food/beverage, retail, entertainment and transportation. Based on discussions with event producers, an estimate of cast/crew personnel per event attendee was calculated and applied to estimated spending per cast/crew per day.

Broadway show producers make substantial investments in the events that they host. These organizations purchase goods and services from either PCPA or from outside sources. Items such as facility rental and various event services are typically provided by PCPA which are reflected as revenues for the venue. Since this spending is eventually reflected in the budgetary spending by the PCPA, these amounts are excluded from event producer spending to avoid double counting. Further, producer spending with external vendors that takes place before or during a show such as advertising, printing, security, transportation, etc. is considered part of the induced/indirect spending that is generated by PCPA operations.

The estimated event producer spending amounts used in this analysis are limited to company personnel spending on items outside PCPA such as lodging, food/beverage, retail and transportation. Based on surveys previously conducted with production companies representing Broadway shows, an estimate of producer personnel per event attendee was calculated. Event producer spending amounts were applied to the estimated personnel per day.

Summary of Direct Spending Inputs (cont'd)

Cast/crew and event producer spending per personnel per day for Broadway shows are shown below.

Per Day Spending	High Impact	Low Impact
Producer Personnel	\$125.00	n/a
Cast & Crew	\$125.00	\$18.00

Budgetary Spending

Based on information provided by management, operating expenditures for PCPA were approximately \$10.9 million in FY 2009.

Summary of Direct Spending Inputs

Based on information provided by PCPA management, event producers, attendees and the *2007 Arts & Economic Prosperity* report, the total direct spending related to PCPA attendees, event producers and cast/crew as well as PCPA operating expenditures was estimated to be approximately \$37.7 million in FY 2009. The table below summarizes the breakdown of estimated direct spending.

Category	FY 2009
Attendee Spending	\$25,617,000
Event Producer/Cast & Crew Spending	1,179,000
Budgetary Spending by Facility	10,886,000
Total	\$37,682,000

Note: Amounts are rounded to the nearest thousand.

Estimate of Fiscal Benefits Generated From On-Going Operations of the PCPA in FY 2009

Based on the effective tax structure previously discussed, tax revenues generated from PCPA operations and related spending in FY 2009 were estimated to be approximately \$1.7 million, approximately 58% of which represented State of Oregon taxes compared to 42% by Multnomah County sources. As mentioned previously, the City of Portland also benefits from PCPA operations by hotel stays within the City and the resulting portion of the transient lodging tax that is allocated to its general fund.

Estimated Fiscal Benefits From PCPA Operations	
FY 2009	
State of Oregon	
Personal Income Tax	\$802,000
Corporate Excise & Income Tax	127,000
Transient Lodging Tax	61,000
Total	\$990,000
Multnomah County	
Transient Lodging Tax	\$703,000
Business Income Tax	28,000
Total	\$731,000
GRAND TOTAL	\$1,721,000

- Notes: (1) Amounts are rounded to the nearest thousand.
 (2) No excise tax is collected from the PCPA.
 (3) Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland for a) its general fund and b) to fund Travel Portland.

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General Overview of the Expo Center

The Expo Center is a multi-purpose exhibition facility that has served as the region's primary destination for public events and consumer shows. As far back as 1921, the Expo Center site has presented some of the largest exhibitions in the Northwest. In 1994, MERC took over management of the aging complex from Multnomah County. With the initial support of the Intel Corporation, funding and construction of a new exhibition hall was enabled which opened in 1997. Subsequent to expansion, several event producers were able to expand and enhance their offerings. By 2001, the modernization of the campus continued with an additional facility offering meeting rooms, a spacious lobby and a full-service commercial kitchen.

The campus currently includes a complex of five interconnected buildings offering the following components:

- 333,000 square feet of multi-use exhibition space
- 11 meeting rooms
- Professional catering facilities
- On-site parking for 2,500 vehicles
- Acres of outdoor exhibition space
- Convenient access to mass transit including the TriMet Interstate Max Light Rail

The modernization and expansion of the Expo Center have allowed the venue to continue to accommodate a variety of consumer shows, some of which have been serving the public for over 50 years. These events exemplify the unique business-to-consumer relationship that is made possible by the Expo Center. In addition, the facility also hosts corporate events, banquets, concerts, community events and serves as the home venue for the Rose City Rollers roller derby team.

General Overview of the Expo Center (cont'd)

The region benefits from the on-going operations of the Expo Center in a number of ways, including such tangible and intangible benefits as:

- Providing a means for Statewide wholesale and retail businesses to showcase their merchandise in an efficient manner
- Supporting smaller, local businesses by bringing a critical mass of buyers together to see their products
- Providing a venue for show producers to supply related industry educational sessions that are often funded by local municipalities elsewhere
- Enhancing show spin-off spending on related items (e.g., fuel, life-jackets and trailers for boat sales)
- Generating public awareness and funding of non-profit organizations' missions for related industries (e.g., several show producers spend a portion of their gate revenue on related non-profit groups and/or educational scholarships)
- Providing an alternative venue within Portland and the State of Oregon for larger consumer shows indirectly freeing exhibition space and dates at the OCC for conventions/tradeshows which generate more economic impact
- Providing an alternative entertainment option for residents and visitors, including OCC convention attendees
- Promoting the industries that host their events at the venue as well as enhancing business for other area companies involved in related services (e.g., advertising, transportation, printing, security, etc.)
- Generating additional economic activity and enhanced fiscal revenues

General Overview of the Expo Center (cont'd)

Similar to the OCC and the PCPA, while the value of some of these benefits is difficult to measure, the economic activity generated by the Expo Center can be quantified in terms of spending, employment and earnings. Based on information from a variety of sources including, but not limited to, representatives from area municipalities, Expo Center management, producers of events, exhibitors and attendees, this analysis summarizes the estimated direct, indirect and induced economic benefits and tax benefits from the Expo Center's operations in FY 2009.

Summary of Expo Center Activity in FY 2009

Expo Center's mission is to provide facilities and services to host consumer and trade shows as well as generate maximum financial return and economic benefits. In FY 2009, the Expo Center hosted 110 events that drew approximately 454,000 people. Consumer/public shows account for approximately 51% of events, 74% of total use days and 90% of total attendance. Miscellaneous/other events which include Rose City Rollers derbies and corporate marketing events comprise 22% of total events and 7% of total attendance.

Summary of Event Activity at the Expo Center in FY 2009						
Event Type	Events	Move-in/ Move-out days	Event Days	Total Use Days	Total Attendance	Average Attendance
Consumer/Public	56	161	169	330	407,717	7,281
Miscellaneous/Other	24	22	42	64	32,208	1,342
Meeting	19	1	20	21	1,607	85
Tradeshow/Convention	8	14	14	28	10,129	1,266
Food & Beverage/Catering	3	2	4	6	2,344	781
Total	110	200	249	449	454,005	

Note: Miscellaneous/Other includes events such as Roller Derby, Sony Take Back - Electronics Recycling Event, Girl Fest, etc.

Source: Expo Center Management

Estimate of Economic Benefits Generated From On-Going Operations of the Expo Center in FY 2009

The table below summarizes the estimated economic impacts generated from Expo Center operations in FY 2009 in terms of total direct and indirect/induced spending, employment and earnings. As shown, Expo Center event activity was estimated to generate approximately \$35.4 million in total spending and 400 jobs.

Estimated Economic Benefits From Expo Center Operations	
Category	FY 2009
Spending	
Direct Spending (Output)	\$20,413,000
Induced/Indirect Spending	\$14,971,000
Total Spending	<u>\$35,384,000</u>
Total Earnings	\$13,233,000
Total Employment (number of FTEs jobs)	400

- Notes:
- (1) Dollar amounts are rounded to the nearest thousand.
 - (2) FTE denotes full-time equivalent employees.
 - (3) Earnings represent the wages and salaries earned by employees of businesses associated with or impacted by the facility.

The pages that follow discuss each component in more detail.

Summary of Expo Center Survey Process

In order to assist with developing an estimate of direct spending generated by Expo Center events, surveys were conducted with event attendees, exhibitors and producers to obtain input on their spending patterns both inside and outside of the facility. This research does not represent a statistically valid survey effort.

Attendee and Exhibitor Surveys

In FY 2009, on-site surveys were conducted with attendees and exhibitors at the following eight consumer shows:

- Rose City Gun & Knife Show
- Rose City Dog Show
- Northwest Fire & Rescue Expo
- Portland Auto Swap Meet
- Portland Boat Show
- Sportsmen Show
- 2008 and 2009 Home and Garden Shows

A total of 882 attendees and 653 exhibitors completed the survey. In addition, results from the surveys conducted with five consumer shows in 2008 were also used. In 2008, responses were received from 618 attendees and 445 exhibitors. Results were tabulated using a web-based survey system and analyzed to gain an understanding of where respondents reside, their length of stay in Portland, travel party size, where overnights stay (e.g. hotel, private residence, etc.) as well as estimated daily spending inside and outside Expo Center.

Consumer Show Producer Surveys

In 2008, direct interviews were also conducted with 11 event producers representing 21 consumer shows, one tradeshow and the Rose City Rollers. Most of these events is held annually at Expo Center. Combined these events accounted for approximately 55% to 60% of FY 2008 and FY 2009 attendance. Discussions with producers sought to understand the origin and daily spending of production personnel, exhibitors and attendees.

Key findings of these discussions were used to estimate the spending generated by Expo Center event activity and are included, where relevant, on the pages that follow.

Summary of Direct Spending Inputs

The three categories that comprise direct spending are attendee spending, event producer/exhibitor spending and budgetary spending by the Expo Center.

Attendee Spending Outside Expo Center

Based on information provided by management, input from event producers as well as on-site surveys conducted at Expo Center events, attendees were categorized as high impact, defined as those that stay overnight in a hotel room, or low impact, generally local patrons attending events. The following outlines a summary of responses from direct event producer interviews conducted in 2008 as well as a weighted average of the on-site surveys conducted in 2008 and 2009.

Attendee Attributes	Event Producer Interviews	On-Site Surveys
Percent from Oregon	88%	61%
Percent Overnight ¹	12%	29%
Average travel party size	1.7	2.9
Average daily spending/attendee outside Expo	\$90.72	\$51.20
Average length of stay	1.0	2.5
Percent Day-trippers	88%	71%
Average travel party size	n/a	3.2
Average daily spending/attendee outside Expo	n/a	\$19.70

Note: ¹Show producer overnight represent those staying in a hotel whereas on-site surveys include attendees staying in a private residence.

On-site attendee survey responses included a number of overnights who stayed with family or friends weighing down the average “overnight” spending per day. For purposes of this analysis, more weight was placed on consumer show producer survey responses for high impact per day spending as we were able to ask more detailed questions and clarify that their responses included spending only for those staying in hotels.

Summary of Direct Spending Inputs

For purposes of this analysis, approximately 10% of attendees at consumer shows, 10% of attendees at miscellaneous/other events and 5% of convention/tradeshow attendees were estimated to be high impact and the remaining attendees were assumed to be low impact.

Based on on-site surveys conducted by Expo Center management as well as interviews with production companies discussed previously, the following table outlines per day attendee spending figures applied to estimates of high and low impact attendees. Spending by attendees inside the Expo Center is taken into account by the facility's budgetary spending.

Per Day Spending	High Impact	Low Impact
Attendee	\$75.00	\$20.00

Summary of Direct Spending Inputs (cont'd)

Event Producer/Exhibitor Spending

Consumer and trade show producers make substantial investments in the events that they host. These organizations purchase goods and services from either the Expo Center or from outside sources. Items such as exhibit space and various event services are typically provided by the Expo Center which are reflected as revenues for the venue. Since this spending is eventually reflected in the budgetary spending by the Expo Center, these amounts are excluded from event producer spending to avoid double counting. Further, producer spending with external vendors that takes place before or during a show such as advertising, printing, security, transportation, etc. is considered part of the induced/indirect spending that is generated by Expo Center operations.

Based on the on-site surveys of Expo Center exhibitors and interviews with event producers, an estimate of exhibitor personnel per event attendee was calculated and applied to estimated spending per exhibitor personnel per day. Similar to event producer spending, estimates were made for spending by exhibitors outside the facility to avoid double counting of items purchased inside the Expo Center.

Event producer and exhibitor spending per personnel per day for consumer/trade shows are shown below.

Per Day Spending	High Impact	Low Impact
Producer Personnel	\$90.00	\$38.00
Exhibitor Personnel	\$70.00	\$20.00

Summary of Direct Spending Inputs (cont'd)

Budgetary Spending

Budgetary spending refers to the “expense side” generated by the Expo Center. Regardless of the source or magnitude of the revenues that the building produces, this analysis focused on the operating expenditures occurring in the Multnomah County economy. Based on information provided by management, operating expenditures for the Expo Center were approximately \$4.6 million in FY 2009.

Summary of Direct Spending Inputs

Based on the previously described assumptions, the total direct spending related to Expo Center attendees, event producers and exhibitors outside the facility as well as Expo Center operating expenditures was estimated to be approximately \$20.4 million in FY 2009. The table below summarizes the breakdown of estimated direct spending among these groups.

Category	Amount
Attendee Spending	\$11,527,000
Event Producer/Exhibitor Spending	4,240,000
Budgetary Spending by Facility	4,646,000
Total	\$20,413,000

Note: Amounts are rounded to the nearest thousand.

Estimate of Fiscal Benefits Generated From On-Going Operations of the Expo Center in FY 2009

Based on the effective tax structure presented previously, tax revenues generated from Expo Center operations and related spending in FY 2009 were estimated to be approximately \$1.3 million with approximately 40% generated by State of Oregon taxes, 31% by the Metro excise tax, and 29% by Multnomah County sources. As mentioned previously, the City of Portland may also benefit from Expo Center operations by hotel stays within the City and the resulting portion of the transient lodging tax that is allocated to its general fund.

Estimated Fiscal Benefits From Expo Center Operations	
FY 2009	
State of Oregon	
Personal Income Tax	\$430,000
Corporate Excise & Income Tax	69,000
Transient Lodging Tax	33,000
Total	<u>\$532,000</u>
Metro	
Excise Tax	\$415,000
Total	<u>\$415,000</u>
Multnomah County	
Transient Lodging Tax	\$381,000
Business Income Tax	15,000
Total	<u>\$396,000</u>
GRAND TOTAL	<u>\$1,343,000</u>

- Note: (1) Amounts are rounded to the nearest thousand.
 (2) Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland to its general fund and to fund Travel Portland.