

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF SUPPORTING)	
ESTABLISHMENT OF THE OREGON)	Resolution No. 89-1040
CONVENTION CENTER URBAN RENEWAL)	
DISTRICT AND DEVELOPMENT OF A)	
CONVENTION HEADQUARTERS HOTEL)	Introduced by Rena Cusma,
NEAR THE OREGON CONVENTION CENTER)	Executive Officer

WHEREAS, In May of 1986, the Council of the Metropolitan Service District adopted the Regional Convention, Trade & Spectator Facilities Master Plan; and

WHEREAS, That plan included discussion of an urban renewal district in the vicinity of the Oregon Convention Center, and an expectation that such a District would eventually be established; and

WHEREAS, voters of the Metropolitan Service District approved investment of \$65 million to construct the Oregon Convention Center; and

WHEREAS, this investment by the voters has been augmented by establishment of a City of Portland local improvement district, a State of Oregon lottery contribution, and hotel/motel funds collected though Multnomah County; and

WHEREAS, these funding sources will establish the Oregon Convention Center as a world class convention facility capable of hosting up to 10,000 people; and

WHEREAS, Metro has contributed \$2.4 million to area improvements and has funded the Portland Development Commission to conduct the Area Development Strategy; and

WHEREAS, there are an inadequate number of hotel rooms and other visitor facilities within the vicinity of the Oregon Convention Center to support the convention center; and

WHEREAS, marketing opportunities for the Oregon Convention Center are limited by the absence of a convention headquarters hotel; and

WHEREAS, a headquarters hotel would serve to bring more convention business to the region, and also attract new supporting businesses to the area surrounding the Oregon Convention Center; and

WHEREAS, the City of Portland will consider adoption of an urban renewal plan which could include a headquarters hotel as an eligible project; and

WHEREAS, the Metropolitan Exposition-Recreation Commission has through adoption of Resolution No. 15 supported efforts by the City of Portland, including creation of an urban renewal district, to attract a headquarters hotel to a site close to the Oregon Convention Center; now, therefore,

BE IT RESOLVED,

That the Metropolitan Service District supports efforts by the City of Portland to create an urban renewal district in the vicinity of the Oregon Convention Center, and the development of a Convention Center Headquarters Hotel as a top priority within the urban renewal district; and

BE IT FURTHER RESOLVED,

That the Metropolitan Service District will work with the City of Portland, The Portland Development Commission, Portland Oregon Visitors Association to successfully attract and construct a headquarters hotel to a site close to the Oregon Convention Center.

ADOPTED by the Council of the Metropolitan Service District this 23rd day of March, 1989.



Mike Ragsdale, Presiding Officer

CONVENTION, ZOO & VISITORS
FACILITIES COMMITTEE REPORT

Agenda Item No. 7.2

Meeting Date March 23, 1989

RESOLUTION NO. 89-1040, SUPPORTING ESTABLISHING THE OREGON
CONVENTION CENTER URBAN RENEWAL DISTRICT AND DEVELOPMENT OF A
CONVENTION HEADQUARTERS HOTEL NEAR THE OREGON CONVENTION CENTER

Date: March 15, 1989

Presented by: Councilor Knowles,
Chair, CZVF Committee

COMMITTEE RECOMMENDATION: At the March 7, 1989 meeting, all Convention, Zoo & Visitors' Facilities Committee (CZVF) members were present -- Councilors Buchanan, DeJardin, Kelley, Van Bergen and myself -- and voted 4 to 1 recommending Council adoption of Resolution No. 89-1040. Councilor Kelley voted against the motion and reserved the right to file a minority report.

COMMITTEE DISCUSSION & ISSUES: Discussion of Resolution No. 89-1040 was combined with review of the Portland-Oregon Visitors' Association (POVA) "Oregon Convention Center Lost Business Report - Market opportunities for a headquarters hotel." Charles Ahlers, POVA Executive Director, summarized the lost business report noting POVA had 29 confirmed bookings for the Convention Center with the confirmation rate running at approximately 20 percent. The biggest reason cited for lost bookings was the lack of an adequate quality hotel inventory close to the Convention Center. Mr. Ahlers said there was potentially \$11 million in economic benefit to the Convention Center area for an additional 8 to 9 bookings per year which hinge on the presence of a headquarters hotel. According to POVA's research, a headquarters hotel -- defined as having at least 700 to 800 rooms, within immediate proximity to the Convention Center, and with ballrooms and supplemental meeting space -- could generate \$1.5 million in annual occupancy rent tax, although it would require an initial public subsidy. Mr. Ahlers said the headquarters hotel would allow the area to compete for an additional 2,000 organizations' meetings which require 500 room blocks at a hotel.

Convention Center Project staff Neil McFarlane reviewed the resolution and recalled the Convention, Trade and Spectator Facilities (CTS) Master Plan envisioned an urban renewal/local improvement district (LID) to fund physical improvements for the area as well as visitors' facilities such as a headquarters hotel. Consistent with that vision, Resolution No. 89-1040 supports the establishment of an urban renewal district and calls for a headquarters hotel to be a primary project funded from the district proceeds. Councilor Kelley raised the following concerns: 1) the public subsidy of the headquarters hotel; 2) the potential for increased competition and problems for other hotels in the area; 3) the impact of the headquarters hotel, with its focus on the immediate area, reducing potential Convention Center economic benefits to outlying communities. Staff noted the headquarters hotel would serve a unique purpose and would not compete for the same market sector as smaller area hotels. Outlying communities' benefits from the Convention Center would not be reduced, and possibly

could be enhanced, because of increased bookings and the potential for more people visiting those communities.

Because of the City of Portland's pending consideration of the issue, the Committee determined it was best to act upon the resolution and have staff follow up with Councilor Kelley to address her concerns. The Council, under separate cover, will also receive copies of POVA's lost business report described above.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 89-1040 FOR THE PURPOSE
OF SUPPORTING ESTABLISHMENT OF THE OREGON CONVENTION
CENTER URBAN RENEWAL DISTRICT AND DEVELOPMENT OF A
CONVENTION HEADQUARTERS HOTEL NEAR THE OREGON CONVENTION
CENTER

DATE: February 7, 1989

PRESENTED BY: Neil McFarlane

Background

As part of the process leading to the development of the Master Plan, the Committee on Regional Convention, Trade, and Spectator Facilities (CTS) deliberated on the opportunity to combine the Convention Center's construction with an urban renewal district. In addition, a convention center headquarters hotel was identified early on as one element of a package which would help maximize the region's investment in the convention center. The earliest marketing studies produced for the CTS include specific identification of the added economic benefits accruing from a convention center headquarters hotel.

In its final form, the CTS Master Plan adopted by the Council in May of 1986 includes an expectation that an urban renewal district will be established around the Oregon Convention Center. According to the Master Plan, the purpose of the urban renewal plan should be "...the provision of municipal services to allow proper development of a surrounding convention and trade show district; the provision of public support facilities related to the Center and district as called for by the Central City Plan; the elimination of blight; and the accomplishment of such other goals which are proper for urban renewal plans in this particular area."

In August of 1987, Metro funded the Portland Development Commission to conduct the Oregon Convention Center Area Development Strategy. This study defined a urban design and land use framework for the center's vicinity, and identified many public and private projects necessary to make the vision a reality. This process also included detailing of the market opportunities for a headquarters hotel, the minimum size requirements and possible configurations for such a hotel, and identification of two alternative sites feasible for a headquarters hotel.

The development strategy also provided a estimate of the economic viability of such a hotel, resulting in the conclusion that a public subsidy would be needed to attract a headquarters hotel. This is due to the amount of ballroom and meeting room space required. In addition the large number of rooms necessary to serve conventions are often underutilized between events. A "window of opportunity" defining when the headquarters hotel would best be opened was defined as within the first four years of the center's life. If the headquarters hotel was not developed then, it would be likely that other smaller hotels would nibble away the potential market -- delaying or possibly foreclosing the ultimate date a headquarters hotel could be opened.

The Strategy also recommended that the City begin development of an urban renewal plan for the District. Establishment of the renewal district would allow dedication of tax increment funds to attraction and development of a convention center headquarters hotel and potentially other improvements called for in the development strategy.

Since the development strategy was published, work has continued to establish the urban renewal district. In addition, the Portland Oregon Visitors Association (POVA) have assessed lost convention sales business opportunities. While bookings for the Oregon Convention Center exceed initial expectations, POVA indicates that the lack of a convention headquarters hotel is the single most quoted reason for not selecting the Oregon Convention Center. The segment of the market missed is often among the most lucrative convention business.

In April, the Portland City Council is scheduled to consider establishment of an urban renewal district, and adoption of an urban renewal plan. The urban renewal plan will define eligible uses of and priorities for expenditure of tax increment funds.

Proposed Action

Resolution No. 89-1040 supports proposed actions by the City Council to establish the urban renewal district, and recommends that a headquarters hotel be a high priority project within the urban renewal plan. In addition, the resolution offers Metro's assistance in working with the City and other interested parties to make the convention center headquarters hotel a reality.

Executive Officer's Recommendation

The Executive Officer recommends that the Council approve Resolution No. 89-1040 supporting establishment of the Oregon convention center urban renewal district and development of a convention center headquarters hotel.