



METRO COUNCIL MEETING

Meeting Summary

August 8, 2013

Metro, Council Chamber

Councilors Present: Council President Tom Hughes, and Shirley Craddick, Sam Chase, Kathryn Harrington, Bob Stacey, Carlotta Collette and Craig Dirksen

Councilors Excused: None

Council President Tom Hughes called the regular council meeting to order at 2 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Ron Swaren, 1543 SE Umatilla, Portland: Mr. Swaren addressed the Metro Council on the Southwest Corridor project and the potential to use double-decker buses along the corridor versus light rail. He recommended again that the Council consider contacting Martin Munguia from the Snohomish area to discuss the city's experience with double-decker express bus services. He believed that using express bus service may be more cost effective than light rail, and noted its popularity in many North American cities, such as Toronto and Alberta, Canada. Separately, he stated that while he was unfamiliar with the Oregon Convention Center hotel project, he was generally not in favor of spending public money on projects.

3. CONSENT AGENDA

Motion:	Councilor Shirley Craddick moved to approve the August 8, 2013 consent agenda: <ul style="list-style-type: none">• Consideration of the Council Minutes for August 1, 2013;• Resolution No. 13-4447, For the Purpose of Adopting Rules and Establishing Procedures Relating to the Conduct of Council Business.• Resolution No. 13-4448, For the Purpose Revising Guidelines for Councilor Expense and General Materials and Service Accounts.
Second:	Councilor Bob Stacey seconded the motion.

Vote: Council President Hughes, and Councilor Craddick, Collette, Harrington, Chase, Dirksen, and Stacey voted in support of the motion. The vote was 7 ayes, the motion passed.

4. ORDINANCES – SECOND READ AND QUASI-JUDICIAL HEARING

- 4.1 **Ordinance No. 13-1312**, For the Purpose of Annexing to the Metro District Boundary Approximately 9.85 Acres Located at 17030 NW Brugger Road in the North Bethany Area of Washington County.

Council President Hughes stated that Ordinance No. 13-1312 required a quasi-judicial hearing. As part of the hearing process, councilors were required to declare a conflict of interest, bias or ex parte contact prior to the staff presentation. Councilor Stacey stated that in 2002, following the inclusion of the North Bethany area into the urban growth boundary, he on behalf of his then employer 1000 Friends of Oregon, engaged in extensive negotiations with property owners and developers concerning the area's inclusion. While he learned a great deal during those meetings, Councilor Stacey did not believe any of the prior negotiations regarding the area – for which the property cited in Ordinance No. 13-1312 resides – would affect his ability to vote on this request. No additional councilors declared conflicts of interest, biases or ex parte contacts for Ordinance No. 13-1312.

Metro Attorney Alison R. Kean read the procedural requirements for the quasi-judicial hearing for Ordinance No. 13-1312.

Council President Hughes gaveled and opened a public hearing on the ordinance. He welcomed Mr. Tim O'Brien of Metro for staff's presentation. Mr. O'Brien presented the proposed property, approximately 9.85 acres in the North Bethany area, for annexation into the Metro District Boundary. He stated that the land was included in the urban growth boundary in 2002 and is part of the North Bethany Subarea Plan that the county completed consistent with Metro Title 11. The land must be annexed into the Metro District Boundary for urbanization to proceed. The territory has been annexed into the necessary Washington County service districts and once all of the annexations are complete, building may occur consistent with the approved plan. Mr. O'Brien overviewed how the application satisfies each of the 3 criteria for annexation as outlined in Metro Code, Section 3.09.070E:

1. The affected territory is within the UGB:
The territory was included in the UGB in 2002.
2. The territory is subject to measures that prevent urbanization until it is annexed to a city or service districts that will provide necessary services:
Washington County applied for interim protection measures for the area until annexation to the service districts; and
3. The proposed change is consistent with any applicable or cooperative urban service agreements and any concept plan:
The property proposed for annexation is part of the County's North Bethany Service District and the annexation is consistent with the North Bethany Sub-Area Plan.

Staff recommended Council approve the application and adopted Ordinance No. 13-1312.

Seeing no citizens – either in support or opposition – who wished to testify, the public hearing on the ordinance was closed.

Motion:	Councilor Kathryn Harrington moved to approve Ordinance No. 13-1312.
Second:	Councilor Carlotta Collette seconded the motion.

Vote:	Council President Hughes, and Councilor Craddick, Collette, Harrington, Chase, Dirksen, and Stacey voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u> .
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5. **PUBLIC HEARING ON OREGON CONVENTION CENTER HOTEL PROJECT**

Metro staff Ms. Teri Dresler, with assistance from Ms. Cheryl Twete, provided a brief presentation on the Oregon Convention Center (OCC) hotel project. In January 2012, the Metro Council directed staff to launch the OCC hotel project, recognizing the sizable positive impact the OCC has on the region's economy and need for continued investment in the public facility. The hotel is a joint project by Metro, the City of Portland, and Multnomah County.

Staff's presentation included information on:

- The project's goals such as job creation and jumpstarting the local economy;
- The project's desired outcomes such as building Portland's national convention market;
- The project's completed phases 1 – 3 regarding project engagement, request for proposals; and predevelopment negotiations;
- The project's non-binding term sheet agreement which highlights key project elements such as the hotel brand, size and contracting requirements, as well as the proposed financial breakdown between private and public share investments and construction financing; and
- Proposed amendments to the Visitor Facilities Trust Account which governs how a portion of the transient lodging and vehicle rental taxes collected in Portland are allocated towards tourism-related priorities.

The Council is scheduled to consider and vote on legislation to approve the hotel term sheet on August 15. Additionally, on August 15, the Council is scheduled to consider separate legislation to approve an intergovernmental agreement with project partners on the proposed changes to the visitor facilities account. The City Council and County Commission are scheduled to consider the visitor facilities IGA in September 2013. (Full presentation and hotel factsheet included as part of the meeting record.)

Council President Hughes gaveled and opened a public hearing on the OCC hotel project:

- Judie Hammerstad, Metropolitan Exposition and Recreation Commission (MERC): Chair Hammerstad expressed her support for the OCC hotel project and emphasized its importance to the region. In 2011, the commission requested the Metro Council consider building a hotel adjacent to the OCC, citing missed convention business as reasoning. She emphasized the multiple benefits of the project such as job creation and increases in the convention and local tourism industry. She offered the commission to assist with the public outreach moving forward.

- Harold Pollin, 8235 NE Airport Way, Portland: Mr. Pollin, a local hotel business owner, expressed his support for the project. He stated that when the OCC was developed in the 1980s, it was understood that a key component of the facility's success would be the adjacency of a headquarters hotel. Having participated in the process to develop an OCC hotel for years, Mr. Pollin stated that this project is not a new idea. He stated that the public investment in the OCC is most primary, and that it is important to take steps to protect that investment and to enhance the effectiveness of the facility in the future. He stated that not only will additional convention business benefit other hotels, but local retail and restaurants. Mr. Pollin stated that in the long run the hotel will benefit everybody in the lodging and tourism industries.
- John Mohlis, Oregon Building Trades Council: Mr. Mohlis expressed the Building Trade Council's support for the OCC hotel for three reasons: (1) the amount of jobs the project will create for the construction industry; (2) the economic development impact the project will have in the region and state; and (3) the current low financing costs. He stated that Trade Council's members want to have the opportunity to work, earn wages, pay taxes, support their families and support the local economy.
- Lew Frederick, Oregon House of Representatives: Representative Frederick expressed his support for the hotel project which resides in his district, House District 43. He emphasized that the project would bring good jobs that pay a decent sustainable wage for its union construction and hotel operation workers. He stated that he happily supported the Legislature's vote to allocate \$10 million of the state's lottery funds to the project for the purpose of acquiring, developing, constructing and equipping the hotel. He stated that the project will help to lift up the local community.
- Terry Parker, P.O. Box 13503, Portland: Mr. Parker was not in support for the project. While he believe the project's statements that convention attendees are likely to travel to many regional and state tourism destinations, Mr. Parker stated that Metro's anti-car mind set creates a double standard. He asked a series of questions including what is the overall environmental impact of constructing the hotel, and how many auto trips would be generated by rental cars. He stated that without a direct requirement that convention participants help pay for local transportation infrastructure; local motorists need to be viewed as the first in line to use the Portland area roads. Additionally, Mr. Parker stated that if Metro continued the hotel project, the agency should eliminate the *Drive Less. Save More* campaign targeted at Portland area residents. (Written testimony included as part of the meeting record.)
- Tim Ramis, 2 Center Pointe, Lake Oswego: Mr. Ramis stated that he spoke on behalf of a group of downtown hotel owners who want to see a successful OCC hotel built, but have high standards based on experiences learned from The Nines Hotel project. He restated two previous requests: (1) the project terms include a rate floor, and (2) the exact language of the agreement be provided for review. He stated that there are a number of unanswered questions in the project and requested that there be 60 days between the release of the document and Council's consideration and vote. He asked a series of questions for Council and staff consideration including, but not limited to, under what circumstances would Hyatt be removed as manager, and if the hotel went into bankruptcy would the management contract survive.

- Peter Watts, 13348 Fielding Rd., Lake Oswego: Mr. Watts stated that he represented the same group of property owners as Mr. Ramis. Mr. Watts cited a *Wall Street Journal* article from October 2012 that stated that while exhibit hall space increased over 30 percent between 2000 and 2011 nationally, attendance has decreased by 7 percent. In addition, referencing a 2005 article from *Forbes* magazine, he stated that since the OCC expansion the facility has seen a decline in occupancy from roughly 70 percent to 40 percent. While convention business has improved slightly since the article, Mr. Watts believe the data would make people less likely to expand convention facilities or create new convention hotels. He highlighted other cities that are building or expanding hotel space during the convention business decline, and cautioned that often times the business does not work out.
- Paige Richardson, Coalition for Fair Budget Priorities: Ms. Richardson stated that the coalition includes over 280 local hoteliers and businesses that are supportive of increased conventions in Portland. However, she believed that the current plan favors the hotel developers versus local taxpayers, and emphasized that the public deserves a chance to review and comment on the current proposal. She strongly believed that Metro and partners should not vote to move forward until the financial information is released and the public is assured that it is not accepting all of the project's risk. Ms. Richardson asked a series of questions, including but not limited to, what is the true cost of the public bonds and what is the interest rate used for the financial projections, is there a management or licensing agreement with Hyatt, are there any performance requirements or termination rights, and will Hyatt be required to hold onto the property for the term of the bond repayment or will the business be allowed to sell the hotel after a few years. She stated that project consultants have said the project isn't risky, but questioned if this is the case then why haven't private developers offered to build the hotel in full. She asked for responses to her questions are provided. (Written testimony included as part of the meeting record.)
- Shellea Allen, UNITE HERE, Local 8: Ms. Allen stated that her local chapter of UNITE HERE represented over 1,000 hotel and restaurant employees between Seattle, Washington and Portland. She was in support of the hotel project and stated that it would be huge for UNITE HERE members, providing affordable healthcare and living wage jobs. She stated that Aramark employees at the OCC are also supportive of the project stating it will bring more business to the convention center.
- Shirley Burke, UNITE HERE, Local 9: Ms. Burke was in support of the hotel project and stated that she believed that not only would the new hotel would bring more business to her hotel but would benefit the local community and economy. She stated that she has stayed with her hotel employer for over 26 years because of the good wages, and vacation, healthcare and pension benefits. She state those not in support of the project believe that they will lose business due to the OCC hotel and/or do not want to see the hotel empowered by union workers. She stated that the largest complaint from her customers is that they have to stay out of the Portland city due to lack of available rooms.
- Ben Marston, UNITE HERE and Pride at Work: Mr. Marston stated that both of the groups he represents support the OCC hotel project. He thanked the Metro Council for insisting on a labor peace agreement for the project, and stated that workers want the hotel built. He cited increased convention business, an expanded workforce, and decent-paying jobs as reasoning. He believed that the project should have been built a long time ago, and found it

interesting that the majority of the concerns raised were by private parties who believed they may lose from the project's construction.

- Ron Hebron, 2104 NE 33rd St., Gresham: Mr. Hebron stated, as a retired member of the Brotherhood of Carpenters since 1979, his support for the project. He believed that the Portland area was a unique destination for various reasons, and stated that if the hotel was promoted as supporting a union workforce it would be a good illustration to the county. He stated that he has been a labor advocate for years, and emphasized the importance of having the opportunity to earn fair wages, and receive healthcare and pension benefits.
- Jodi Parker, Columbia Pacific Building Trades: Ms. Parker was in support of the OCC hotel and stated that the goal of the project should be putting people back to work. Moved by Representative Frederick's testimony, she shared a personal story about her past employment as a non-represented hotel employee. While the past cannot be changed, Ms. Parker emphasized the opportunities building trade members and the service industries receive from union representation.
- Bob Tackett, NW Oregon Labor Council: Mr. Tackett, on behalf of the Labor Council's 50,000 union members, expressed his support for the project. He stated that several years ago he toured the OCC with a potential national client. He stated the client declined to host the convention in Portland due to the lack of sufficient unionized hotels. He emphasized that the convention could have brought thousands of people to the area and the OCC would have had a better chance if it had had the hotel.
- Ben Bason, Pacific Northwest Regional Council of Carpenters: Mr. Bason expressed the Council of Carpenters support for the hotel and stated not only would the project create hundreds of much needed construction jobs with good wages and benefits, but also create jobs for hotel workers. He emphasized that convention attendees will get out and visit other locations in the region and state. He stated that conventions will continue, but in other cities such as San Francisco or Seattle if the hotel is not built.
- Jeff Miller, Travel Portland: Mr. Miller expressed his support for the project. He referenced an online article which quotes the U.S. Bureau of Labor and Statistics stating that conventions and events are expected to expand by over 40 percent between 2010 and 2020; significantly above the average projected growth of other industries. He stated that Travel Portland's board has allocated an additional \$1 million to attract conventions and meeting business to Portland in the next year. He stated that customers are waiting to come to Portland. He stated that the proposed changes to the visitor facilities account would bring additional savings that can be used to bring conventions to Portland. He stated that the project is a good deal for Portland.
- Gale Castillo, Hispanic Chamber: Ms. Castillo expressed the Chamber's support for the project, stating that the hotel would leverage private development with low-cost financing to create jobs, boost the state's tourism industry, and enhance the region's economy. Ms. Castillo stated that Latinos are highly represented in both the construction and hospitality industries and therefore this project is very important for her community. She stated that she tried to recruit the Hispanic Chamber of Commerce, headquartered in Washington, DC, for its national convention but failed due to the lack of a hotel adjacent to the OCC. She urged the Metro Council and partners to support the project and stated that the hotel will

protect past investments while improving the livability of the city and creating good jobs now and into the future. (Written testimony included as part of the meeting record.)

- Raihana Ansary, Portland Business Alliance: Ms. Ansary expressed the Alliance's support for the project under the following conditions: (1) the project must be able to sustain its debt load and operating costs with revenues generated by the hotel, including the taxes and fees dedicated to the project; (2) the Visitor Development Initiative Funds should be used to back stop the hotel's operation costs only in times of severe economic stress and only for a limited period of time; and (3) Metro and partners should commit that under no circumstances impose new taxes, fees or surcharges on others in the hotel industry to support the project. She stated that once opened the hotel is anticipated to bring 5 to 10 new conventions per year, adding approximately \$120 million in regional spending each year. Ms. Ansary stated that an OCC hotel that meets the above conditions is a smart investment and urged Council support. (Written testimony included as part of the meeting record.)
- Paul Raynon, 2300 SE 82nd Ave., #4, Portland: Mr. Raynon, who has worked in the hospitality industry for 15 years, expressed his support for the project. He stated that the projected increase in conventions will increase business at local hotels across the river, including his employer the Benson Hotel. He stated that conventions at the OCC will directly benefit him and others in the hospitality industry.
- Michael Birch, Pacific Northwest Regional Council of Carpenters: Mr. Birch also expressed the Council of Carpenters support for the project. He stated that the Council had been working on a campaign in support of the Columbia River Crossing project. However, with stop to the project, the group has refocused on the OCC hotel. He stated that the trade members are trained, well educated and are ready to work. He also noted the positive impact the project will have on his neighborhood.
- Gwenn Baldwin, Lloyd Executive Partnership: Ms. Baldwin expressed the Lloyd Executive Partnership's support for the project. She stated that the Partnership, which represents some of the largest property owners in the Lloyd District, has held this project as one of its top priorities. She stated that the hotel was always intended to be part of the package of a thriving, working convention system. She stated that not only does the project bring jobs, it is also a privately-owned and operated hotel where the investment of public funds is minimal, and that the risk is to the visitors through Transient Lodging Tax, not taxpayers. She stated that the project should move forward for the state and expressed her appreciation for Metro's focused attention on the project.
- Ron Jay: Mr. Jay expressed his support for the project, and specifically a union hotel. He stated that the proposal is good for the community and if built, the convention business will increase. He stated that other cities, such as Spokane and Boston, understand that the convention market is increasing. He applauded Hyatt for supporting the union hotel. He emphasized that now is the time for strong leadership, and stated that on his upcoming trip to Washington, DC he wants to be able to tell meeting planners that Portland will have at least a 600 room hotel.

Additional written testimony provided included Fred Schwartz on behalf of Asian American Hotel Owners Association, Alix Nathan of The Mark Spencer Hotel, and Mr. J. Clayton Hering

of the Norris, Beggs & Simpson. Council President Hughes read Mr. Hering's testimony into the record in his absence. Copies of all three letters are included as part of the meeting record.

Ms. Dresler stated that staff recorded all of the questions raised during the public hearing and will provide Council responses to the questions as soon as possible. In addition, staff has time scheduled with each councilor to respond to and/or provide additional information on comments raised during the hearing. Councilors requested the responses be provided in writing.

Council Discussion

Councilors thanked Multnomah County Commissioner Loretta Smith for her attendance and Representative Frederick and attendees for their thoughtful testimony. Councilors asked clarifying about the assumptions use to create the worst-case scenario for the project. Mr. Ken Rust, financial consultant, stated that the risks associated with a dramatic shock event, such as Sept. 11, coupled with a prolonged economic recession, such as what the state is currently experiencing, probably capture the worst case scenario likely to be present over the term of the project's projections. Councilors recommended that Mr. Rust and staff provide a brief summary of the worst-case scenario analysis at the August 15 meeting prior to Council consideration.

Councilors asked staff to provide additional information on: (1) the loan forgiveness issue and if the OCC hotel could experience the same situation are the Nines Hotel; (2) what might be an extraordinary event that could cause the project to lose the private, high quality hotel, owner; (3) what does or doesn't a parking garage add to the cost of the hotel; and (4) what is the benefit to each of the private sector parties involved.

Seeing no additional members of the public who wished to testify, Council President Hughes closed the public hearing.

6. CHIEF OPERATING OFFICER COMMUNICATION

Ms. Martha Bennett provided an update on:

- The algae bloom at Blue Lake Park has clear up, however Metro will wait for the final test results and formal approval from the Oregon Health Authority prior to reopening the park.

7. COUNCILOR COMMUNICATION

Councilors provided updates on a recent tour of the 4th and Main Transit Oriented Development project in Hillsboro. Highlighted upcoming meetings included the August 12 Local Officials Advisory Committee meeting, an advisory committee to the Land Conservation and Development Commission.

Councilors requested a work session with Metro staff to discuss ODOT's newly proposed alternative to the I-5 Replacement Bridge project, and to provide direction to staff should the Governor call a special legislative session this fall.

Additionally, councilors requested information on the cost efficiency of the Metro district boundary annexation process, and specifically how much it costs the property applicant to apply and Metro staff to process the request and bring forward for Council consideration.

8. ADJOURN

There being no further business, Council President Hughes adjourned the regular meeting at 4 p.m. The Metro Council will convene the next regular council meeting on Thursday, August 15 at 2 p.m. at Metro's Council Chamber.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "K. Newell", is written in black ink.

Kelsey Newell, Regional Engagement & Legislative Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF AUGUST 8, 2013

Item	Topic	Doc. Date	Document Description	Doc. Number
	Agenda	8/8/13	Revised August 8 Council Agenda	80813c-01
3.1	Minutes	8/1/13	Council minutes for August 1, 2013	80813c-02
3.2	Legislation	8/5/13	Revised exhibits to Resolution No. 13-4447	80813c-03
3.3	Legislation	8/5/13	Revised Exhibit A to Resolution No. 13-4448	80813c-04
5.1	PowerPoint	8/8/13	Oregon Convention Center Hotel: Metro Council Public Hearing	80813c-05
5.1	Handout	7/16/13	Fact sheet on OCC hotel project	80813c-06
5.1.1	Testimony	8/8/13	Written testimony distributed by T. Parker	80813c-07
5.1.1	Testimony	N/A	Written testimony distributed by P. Richardson on Behalf of Coalition for Fair Budget Priorities	80813c-08
5.1.1	Testimony	N/A	Written testimony distributed by F. Schwartz on Behalf of Asian American Hotel Owners Assoc.	80813c-09
5.1.1	Testimony	8/8/13	Written testimony distributed by A. Nathan on Behalf of The Mark Spencer Hotel	80813c-10
5.1.1	Testimony	8/8/13	Written testimony distributed by C. Castillo on Behalf of the Hispanic Metropolitan Chamber	80813c-11
5.1.1	Testimony	8/8/13	Written testimony distributed by R. Ansary on Behalf of Portland Business Alliance	80813c-12
5.1.1	Testimony	8/8/13	Written testimony distributed by J. Hering on Behalf of Norris, Beggs& Simpson Companies	80813c-13