

BEFORE THE CONTRACT REVIEW BOARD OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF AUTHORIZING)
AN EXEMPTION FROM REQUIREMENTS)
OF METRO CODE SECTION 2.04.054(a) (3)) Resolution No.89-1087
FOR AN EXTENSION TO CONTRACT THE METRO)
EXPOSITION-RECREATION COMMISSION) Introduced by the
CONTRACT WITH THE PORTLAND/OREGON) Metropolitan Exposition-
VISITORS ASSOCIATION FOR OREGON) Recreation Commission
CONVENTION CENTER MARKETING SERVICES)

WHEREAS, the Metro Council in August of 1987 approved as a sole source a contract with the Portland/Oregon Visitors Association (POVA) [previously known as the Greater Portland Convention and Visitors Association]; and

WHEREAS, pursuant to the Metro contract rules and procedures, this contract once approved as a sole source can be extended or amended for a period up to three years without the need for any competitive procurement process (per Metro Code Section 2.04.054); and

WHEREAS, Metro Code Section 2.04.035 authorizes the Metro E-R Commission to enter into contracts pursuant to the procedures and policies set forth in Metro Code Section 2.04; and

WHEREAS, Metro E-R Commission extended P/OVA's contract from July 1, 1988, through June 30, 1989, which was the second year of the sole source contract; and

WHEREAS, On March 23, 1989, the Metro Council passed Ordinance No. 88-271, amending Metro Code Section 2.04.054, which limits contract extensions for personal services contracts to no more than \$10,000.00, unless the Metro Council specifically authorizes an exemption;

WHEREAS, On April 11, 1989 the Metro E-R Commission adopted resolution No. 26 recommending that an exemption be granted for the POVA contract; now therefore,

BE IT RESOLVED,

That the Council hereby exempts the contract with Portland/Oregon Visitors Association from the competitive procurement Section 2.04.053(a) (3) of the Metro Code.

ADOPTED by the Contract Review Board, Council of the Metropolitan Service District this 27th day of April, 1989.



Mike Ragsdale, Presiding Officer

CONVENTION, ZOO & VISITOR
FACILITIES COMMITTEE REPORT

Agenda Item No. 7.3

Meeting Date April 27, 1989

RESOLUTION NO. 89-1087, AUTHORIZING AN EXEMPTION FROM REQUIREMENTS OF METRO CODE SECTION 2.04.054(a)(3) FOR AN EXTENSION TO CONTRACT WITH THE METROPOLITAN EXPOSITION-RECREATION COMMISSION CONTRACT WITH THE PORTLAND/OREGON VISITORS' ASSOCIATION FOR OREGON CONVENTION CENTER MARKETING SERVICES

Date: April 19, 1989 Presented by: Councilor Knowles

COMMITTEE RECOMMENDATION: At the April 18, 1989 Convention, Zoo & Visitor Facilities Committee meeting, members present -- Councilors Buchanan, DeJardin, Kelley and myself -- voted unanimously to recommend Council adoption of Resolution No. 89-1087. Councilor Van Bergen was absent.

COMMITTEE DISCUSSION/ISSUES: Metropolitan Exposition-Recreation Commission (Metro ERC) General Manager Lee Fehrenkamp and Oregon Convention Center Manager Jeff Blosser presented Resolution No. 89-1087. The resolution would allow the Metro ERC to extend its sole source contract with the Portland Oregon/Visitors' Association (POVA) through a third year for FY89-90. Under the new contract rules adopted March 23, 1989, Metro Code Section 2.04.054 limits personal services contract extensions to no more than \$10,000, unless the Metro Council specifically authorizes an exemption from the competitive bidding provisions under Metro Code 2.04.054 (a)(3).

Council staff noted Metro Code 2.04.054 (a)(1) requires competitive proposals to be solicited for personal services contracts "at least once every three (3) years" unless, at the time of contract renewal, extension or renegotiation, there are "fewer than three (3) potential contractors qualified to provide the quality and type of services required and the initiating department makes detailed findings that the quality and type of services required make it unnecessary or impractical to solicit proposals." FY89-90 would be the third year of the POVA contract and the Metro ERC would have to solicit competitive proposals for FY90-91 unless an exemption were approved by the Contract Review Board/Metro Council for a sole source contract.

Metro ERC staff reviewed the Commission's work with POVA, particularly since December, 1988, to assess POVA's proposed FY89-90 budget and workplan and to analyze their marketing results to date. The Commission voted unanimously April 11, 1989, via Resolution No. 26, to request Metro Council's approval of the exemption and thereby allow the extension of the contract for FY89-90. Metro ERC staff said POVA is uniquely qualified to handle the Convention Center's national marketing efforts and cited POVA's extensive national network gained over years of personal contacts.

A public hearing was conducted and Bruce Broussard with the American Contractor asked about POVA's minority and women subcontractor participation rates during the first and second years of its contract.

Metro ERC staff did not have the data available but will provide the information -- including a list of the specific companies subcontracting with POVA -- prior to Council consideration April 27. POVA Director Charles Ahlers noted POVA is currently over 90 percent in achieving its DBE/WBE goals for this fiscal year. No other public testimony was presented to the Committee.

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STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 89-1087 FOR THE
PURPOSE OF AUTHORIZING AN EXEMPTION FROM REQUIREMENTS
OF METRO CODE SECTION 2.04.054(a)(3) FOR AN EXTENSION
TO CONTRACT THE METRO EXPOSITION-RECREATION COMMISSION
CONTRACT WITH THE PORTLAND/OREGON VISITORS ASSOCIATION
FOR OREGON CONVENTION CENTER MARKETING SERVICES

Date: April 11, 1989

Presented by: Fehrenkamp

BACKGROUND AND FACTUAL ANALYSIS:

In August of 1987, the Council approved the initial contract with the Greater Portland Convention and Visitors Association (now known as POVA). Based upon a marketing study conducted by Laventhol & Horwath, together with staff analysis, the contract was awarded as a sole source.

The Metro Exposition-Recreation Commission extended that initial contract with POVA for a second year - from July 1, 1988 through June 30, 1989. Consistent with the Metro code at that time, a contract for continuing professional services could be extended for up to three years without revisiting the sole source issue.

In the Executive Officer's proposed FY 1989-90 Budget, the Metro Exposition/Recreation Commission has proposed funds for the national marketing effort, now conducted by the Portland/Oregon Visitors Association, in the amount of \$1,026,000.

On March 23, 1989, the Metro Council passed Ordinance No. 88-271 amending Metro Code Section 2.04.054 which limits personal services contract extensions to no more than \$10,000, unless the Metro Council specifically authorizes an exemption from the provisions of competitive bidding proscribed by Metro Code 2.04.054(a)(3). This code provision precludes the Commission from awarding the contract for a third year, unless the Council grants an exemption.

At its April 11, 1989 meeting, the Metropolitan Exposition-Recreation Commission addressed this matter, and adopted Resolution No. 26, attached (Exhibit A) which requests that the Metro Council approve an exemption for the POVA contract.

A letter from General Counsel discussing this issue is attached (Exhibit B). The original sole source memo, date August 4, 1987 is also attached (Exhibit C), as is a summary of the advantages of contracting with POVA, prepared by POVA staff (Exhibit D).

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION NO. 26

Requesting the Metropolitan Service District Council to specifically authorize an exemption from their Ordinance No. 88-271, adopted by the Metro Council on March 23, 1989, which amended Metro Code Section 2.04.054 limiting contract extension for personal services contracts to no more than \$10,000, unless the Metro Council had, acting as a public contract review board, specifically authorized an exemption.

The Metropolitan Exposition-Recreation Commission finds:

1. That the Metro Council in August of 1987 approved as a sole source agreement a contract with the Greater Portland Convention and Visitors Association [now known as Portland/Oregon Visitors Association (P/OVA)].
2. That pursuant to the Metro contract rules and procedures, this contract once approved as a sole source can be extended or amended for a period up to three years without the need for any competitive procurement process (per Metro Code Section 2.04.054).
3. That Metro Code Section 2.04.035 authorizes the Metro E-R Commission to enter into contracts pursuant to the procedures and policies set forth in Metro Code Section 2.04.
4. That Metro ERC extended P/OVA's contract from July 1, 1988, through June 30, 1989, which was the second year of the sole source contract.
5. That the Commission was advised that they could extend the existing P/OVA contract until June 3, 1990, consistent with Metro Code, without the need to enter into a competitive procurement process. However, extensions beyond August, 1990, can not be made without utilization of a competitive procurement process unless the Metro Council, acting as a contract review board, determines that the contract is a sole source or that an alternative competitive procurement process should be utilized.
6. That on March 23, 1989, the Metro Council passed Ordinance No. 88-271, amending Metro Code Section 2.04.054, which limits contract extensions for personal services contracts to no more than \$10,000, unless the Metro Council specifically authorizes an exemption.

Resolution No. _____
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BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission is requesting that the Metropolitan Service District Council pass an ordinance specifically authorizing an exemption from their Ordinance No. 88-271, which would allow the Metro E-R Commission to extend the existing P/OVA contract until June 30, 1990.

Passed by the Commission on April 11, 1989.

FELC

Chairman
Stephen P. ...

Secretary/Treasurer

APPROVED AS TO FORM:

D. J. Cooper

Metro General Counsel



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April 7, 1989

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Tom DeJardin
District 5

George Van Bergen
District 6

Judy Wyers
District 8

Tanya Collier
District 9

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District 10

David Knowles
District 11

Gary Hansen
District 12

Mr. Lee Fehrenkamp, General Manager
E-R Commission
P. O. Box 2746
Portland, OR 97208

Dear Neil and Lee:

Re: POVA CONTRACT

By memorandum dated April 4, 1989, I advised Neil McFarlane that the Metropolitan E-R Commission could, consistent with the Metro Contract Procedures Code requirements, specifically Metro Code Section 2.04.054, extend the current agreement for marketing services for the Oregon Convention Center with the Portland Oregon Visitors Association from July 1, 1989, through June 30, 1990.

By a letter dated April 7, 1989, I gave similar advice to Lee Fehrenkamp.

I was wrong.

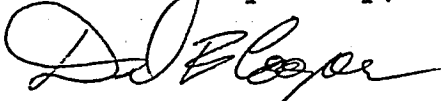
Pursuant to Ordinance No. 88-271 adopted by the Metro Council on March 23, 1989. Metro Code Section 2.04.054 was amended to limit such contract extensions for personal services contracts to no more than \$10,000 unless the Metro Council had, acting as a public contract review board, specifically authorized an exemption from the RFP procedures for the additional work to be done pursuant to the contract amendment.

This means that until such time as the Metro Council authorizes an exemption from the RFP procedures for entering into a personal services contract for marketing services for the Oregon Convention Center, the Metropolitan E-R Commission may not authorize an extension of the POVA contract. If the Metro Council does authorize such an exemption, then the

Messrs. Neil McFarlane and Lee Fehrenkamp
April 7, 1989
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Metropolitan E-R Commission may approve an extension of the POVA contract. Alternatively, the Metropolitan E-R Commission may, after utilizing an RFP, enter into a contract with the party submitting the most acceptable proposal.

Yours very truly,



Daniel B. Cooper
General Counsel

gl

cc: Rena Cusma
Councilor Knowles

Memorandum

Date August 4, 1987

To Contract File

From Neil McFarlane *NMF*

Subject Contract With GPCVA: Interim Marketing Service
Sole Source Justification

The convention center responsibility includes the need to establish a program to market the center to convention and trade show users. The ultimate success of the convention center in meeting the economic development goals described in the bond election campaign depends largely on the success of the marketing program.

This marketing program was envisioned as part of the Master Plan for Regional Convention, Trade, and Spectator Facilities, adopted by the Council in May of 1986. This master plan identifies a specific Action Plan for Metro, including the following task:

"Prepare and implement a contract with the Greater Portland Convention & Visitors Association (GPCVA) and/or other organizations for marketing the convention and trade show center" (Page 3)

Following the recommendations of a separate study commissioned by Metro conducted by Laventhol & Horwath, the Convention Center Project staff is recommending an initial (short-term) marketing contract with GPCVA to begin this marketing effort. GPCVA is justified in this case as a sole source provider for the following reasons:

- GPCVA is a well established and well respected organization with a base of over 600 entities as members (Hotels, restaurants, resorts, etc.). Channeling convention center marketing resources through GPCVA will allow the center's marketing efforts to be augmented and coordinated with those of GPCVA's membership. This includes the donation of in-kind services by members otherwise well beyond the ability of the project's marketing budget to provide (i.e. the public will receive much more bang for its buck through GPCVA).
- According to Laventhol & Horwath, the mix of GPCVA providing long-range marketing (for events approximately 18 months out or longer), and the Memorial Coliseum sales staff providing shorter term marketing (18 months or closer), was the rational model to follow, based on the experiences of other convention

center cities. (Because long-range marketing is critical now--with the center's completion three years away, this contracts exclusively deals with that issue).

- GPCVA already receives significant amounts of room tax (from the City and Multnomah County), as well as revenue from its membership dues. These resources have provided most of GPCVA's \$1.9 million budget this year. Adding to these resources the convention center project's marketing funds will allow the coordination of ongoing area marketing efforts with those of the convention center, thus stretching the marketing resources of the region to the maximum. This would minimize duplication of efforts, and maximize the opportunity to coordinate convention center marketing with other marketing efforts supported by other governments (the City of Portland and Multnomah County).

The sole source is justified because no other entity offers the advantages listed above.

ADVANTAGES OF CONTRACTING WITH PORTLAND/OREGON VISITORS ASSOCIATION FOR NATIONAL MARKETING OF OREGON CONVENTION CENTER

The Portland/Oregon Visitors Association is a nonprofit corporation established in July 1979 for the primary purpose of promotion, solicitation, procurement and service of convention business and tourism for the City of Portland. Since that time the association has operated with support provided by dues from 800 member businesses, member donations of cash and in-kind services, and proceeds from lodging tax collected by the Multnomah County and City of Portland.

In 1987 the association entered into a contractual agreement with the Metropolitan Service District to provide long-range marketing services to procure national convention business for the Oregon Convention Center. A similar agreement was negotiated for marketing services during the fiscal year ending June 30, 1989. The work under both contracts is funded exclusively by proceeds of the lodging tax.

Both convention center marketing contracts were awarded on a "sole source" basis with the understanding that POVA is the only organization in Portland with the specialized capabilities needed to provide the required services. Advantages of continuing the agreement with POVA are summarized below.

ADVANTAGE 1: MEMBERSHIP BASE

• By virtue of its partnership with 800 private business members, POVA is able to multiply the value of each marketing dollar supplied by government contract. Examples range from hundreds of donated or heavily discounted airline tickets and hotel rooms for familiarization trips to hundreds of thousands of dollars in sponsorships advertising revenue for association publications.

• Hoteliers and other convention suppliers come together as members of POVA expressly for the purpose of packaging convention bids. Years in advance of the event, POVA members coordinate to reserve hotel rooms, meeting facilities, airline tickets, restaurants and banquet service, and pre- and post-convention travel. No other entity is organized to assemble these convention packages.

• POVA's membership structure is unique, suited to supplying convention planners with the full range of services they need to assure a successful convention. Depending on the desires of the particular convention, POVA provides centralized hotel room reservations, registration clerks, and charter bus services, and matches the convention planner with a host of other suppliers whose services are needed, such as pre- and post-tour operators, event and entertainment planners, show decorators, restaurants, and the like.

• A majority of POVA's board is made up of hoteliers, who can be expected to protest any shift of lodging tax-based visitor industry funding away from an association they control. POVA is an association of hoteliers; its bylaws require at least 51% of the board to represent hotels. Hoteliers consented to the establishment and subsequent increases in the lodging tax with the understanding that in part the receipts would directly benefit their industry and would be channeled through an association they control.

ADVANTAGE 2: STAFF EXPERTISE AND ESTABLISHED CLIENT RELATIONS

• POVA is the only organization in the region with an experienced, expert convention sales and service staff. POVA's convention department consists of 10 sales specialists with a combined 75 years of professional experience in convention marketing. All received extensive, specialized training for their positions in specifically related prior work for smaller convention bureaus or major hotels.

• Through years of courting convention planners nationally, POVA's convention staff has built up the kinds of personal relationships with prospective clients that help us stand out among the hundreds of cities competing for the same convention business.

• The organization's Washington, D.C. office provides a base of operations in the city where 50% of convention center business originates.

ADVANTAGE 3: ACCESS TO MARKETING DATA AND LEADS

• By virtue of its official status, POVA qualifies for membership in the national organization with the best source of complete convention business data. As a member of the International Association of Convention & Visitors Bureaus, POVA is privileged to receive the most comprehensive, timely data available on future convention booking possibilities. Only convention and visitors bureaus are eligible to join this association.

ADVANTAGE 4: POVA'S TRACK RECORD IS PROVEN

• POVA's convention booking abilities have been amply demonstrated by performance to date. The staff has delivered 28 firm bookings - right on target with projections. The nearly one hundred tentative bookings are substantially ahead of projections.

• The POVA staff has acquired 18 months of experience as a team marketing the Oregon Convention Center. The Oregon Convention Center pre-opening marketing campaign is in full swing. Changing the team midway would almost certainly affect sales productivity and lower the pre-1995 booking rate.

ADVANTAGE 5: A CONVENTION BUREAU IS THE USUAL MODEL FOR A CITY'S NATIONAL CONVENTION SALES PROGRAM AND WAS THE RECOMMENDED MODEL FOR PORTLAND

• The most common and effective model for convention marketing calls on the convention and visitors bureau to lead a community's national marketing effort.

• This conclusion was reached in an independent study for the Metropolitan Service District by Laventhol & Horwath in 1987. Before engaging POVA to begin convention center marketing, the Metropolitan Service District commissioned a study by Laventhol & Horwath, a big-eight accounting firm with particular expertise related to convention marketing. The consultants surveyed comparable cities around the region, many of them Portland's direct competitors, and concluded that most cities use their convention bureaus to take the lead in long-range convention center marketing.

• POVA was envisioned as principal marketing agent for the convention center by its founding committee. The Regional Convention, Trade & Spectator Facilities Master Plan, prepared in 1986 by a blue ribbon committee headed by Robert Ridgley and adopted as policy by the Metropolitan Service District Council, named the Visitors Association (then called Greater Portland Convention & Visitors Association) in its references to marketing the Oregon Convention Center.

ADVANTAGE 6: THE TOURISM CONNECTION

• The association whose full name is Portland/Oregon Visitors Association: Marketing Conventions & Tourism is organized to pursue convention bookings in the context of the larger community goal of overall visitor industry development. The purpose of Portland's public investment in the Oregon Convention Center is to capture maximum benefits from increased tourism. It is in the public interest to carry on the convention sales work within an overall tourism development strategy - allowing, for example, the greatest efficiency in promoting pre- and post-convention travel, and in tying together convention and tourism advertising campaigns.

• POVA's role as administrator of the Oregon Tourism Alliance underscores the importance of connecting the promotion of convention business to overall visitor industry promotion. Since POVA's mission, staff and funding embrace all aspects of tourism promotion, and are not limited to conventions, this organization is able to plan and execute a coordinated visitor industry development program.