

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF RECOMMENDING)	Resolution No. 94-1948A
TO MULTNOMAH COUNTY A REALLOCATION)	
OF \$600,000 OF TRANSIENT LODGING)	Introduced by Regional
TAX PROCEEDS FOR THREE YEARS, TO)	Facilities Committee
PROVIDE OPERATING SUPPORT TO THE)	
PORTLAND CENTER FOR THE PERFORMING)	
ARTS)	

WHEREAS, The Portland Center for the Performing Arts (PCPA) requires additional funding to support its operations; and

WHEREAS, Multnomah County levies a 3% transient lodging (hotel/motel) tax, with proceeds dedicated to the Oregon Convention Center; and

WHEREAS, Metro and MERC recognize that the overall solution to the region's funding for the Arts crisis does not rest with the hotel tax and that a broad regional solution needs to be found within the 3 year time frame stated hers; and

WHEREAS, Metro and MERC recognize that the business at the PCPA may be increased by more focused marketing to visitors and agrees to consider increased visitor marketing; and

WHEREAS, The Metropolitan Exposition-Recreation Commission (MERC) adopted Resolution 94-10 on March 15, 1994 (Attachment A), requesting Metro to request Multnomah County to amend the Multnomah County Code to allow \$600,000 per year of transient lodging tax proceeds to be used to support the operations of PCPA for a period of three years, from FY 1994-95 through 1996-97; now, therefore,

BE IT RESOLVED,

That the Metro Council:

1. Directs that the Multnomah County Board of Commissioners be requested to amend Section 5.50.050 of the Multnomah County Code to allow an amount of transient lodging tax revenues, not to exceed \$600,000 per year for the three year period 1994-95 through 1996-97, to be used for operations of the Portland Center for the Performing Arts.

2. Adopts the provisions of Exhibit A to this resolution as a policy statement.

3. Recognizes the cooperation of the Tri-County Lodging Association in helping to identify interim solutions to the problem of funding the PCPA facilities and thanks them for their efforts.

Adopted by the Metro Council this 14th day of April, 1994.



Judy Wyers, Presiding Officer

1. That Multnomah County Code Section 5.50.050(5) be amended as follows to authorize MERC to use up to \$600,000 per year of existing Multnomah County transient lodging tax revenues for the operation only of the Portland Center for the Performing Arts (new language in **bold**):

5.50.050. Tax imposed.

* * *

- (5) After voters have approved issuance of general obligation bonds to finance or partially finance construction of the convention and trade show center or financing for construction has been obtained by some other means, funds deposited in the convention and trade show center special fund shall be used to assist the lead agency for the following purposes:
- (a) First, to pay any expenses incurred on activities identified under MCC 5.50.050(B)(4);
 - (b) Second, if all expenses identified in subsection (a) above have been satisfied, to pay any unfunded annual operating expenses that may have been incurred by the convention and trade show center;
 - (c) Third, if all expenses identified in subsection (a) above have been satisfied and if no otherwise unfunded annual operating expenses exist or if funds remain after the otherwise unfunded annual operating expenses have been paid, to provide for the promotion, solicitation, procurement, and service of convention business at the convention and trade show center to the extent necessary to fully implement the annual marketing program adopted by the lead agency;
 - (d) Fourth, if the needs identified in the foregoing subsections (a) through (c) have been fully satisfied, to pay ancillary costs associated with the development, construction and operation of the convention and trade show center, including but not limited to site acquisition costs and construction costs including financing of those costs;

- (e) Notwithstanding the limitations on spending in subparagraphs (a) through (d), an amount not to exceed \$70,000.00 one time only may be used by the lead agency for the promotion, solicitation, procurement, and service of the 1988 International Association of Chiefs of Police convention in Multnomah County.
- (f) Notwithstanding the limitations on spending in subparagraphs (a) through (e), the lead agency may use an amount not to exceed \$600,000 per year, for three years beginning with the lead agency's fiscal year 1994-1995, for operation of the Portland Center for the Performing Arts.

2. That this authorization be limited to three years starting with the 1994-95 fiscal year and at the end of this three year period, the last being fiscal year 1996-97, this authorization shall automatically expire, without the necessity of any further action.

3. That the use of these funds for the PCPA operation is subject to cancellation in any year if an emergency need is identified at the Oregon Convention Center. The Metro Council is the body charged with identifying such emergencies including, but not limited to:

- 1. Current resources except beginning fund balance do not meet current expenditures less renewal and replacement fund transfer and unappropriated balance.
- 2. Revenues from the transient lodging tax drop by more than 25% in any year when measured against the prior year.
- 3. A major structural failure (not otherwise insured) such that total reserves are insufficient to repair the damage without the use of all or part of the 3 year \$1,800,000 commitment.
- 4. Or any other situation that threatens the normal operation of the convention center.

4. That Metro agree that it will not initiate any new hotel tax nor any increase to existing hotel tax during the time that this reallocation for the PCPA is in effect.

5. That the MERC will issue annually a written Business Plan report as to progress made in increasing the business and income for the PCPA and lowering the costs towards minimizing the PCPA financial gap.

6. That percentage guideline parameters for MERC and Metro overhead/support costs be set and results reported annually as part of #5, above.

RECEIVED MAR 15 1994

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 94-10

Authorizing the Chairman and Secretary-Treasurer to forward a recommendation to the Metro Council that Metro, forward the same recommendation to the Multnomah County Board of Commissioners to amend the County Code Section 5.50.050(5) to authorize MERC to reallocate \$600,000 of Hotel Tax currently collected for the Oregon Convention Center to the Portland Center for the Performing Arts to be used for operational support for a three year period only and subject to certain conditions.

The Metropolitan Exposition-Recreation Commission Finds:

1. That the Portland Center for the Performing Arts is in dire need of new, outside financial resources to assist in paying for operational costs or the center will face closure;
2. That the MERC Chair and other Commissioners have met 3 times with members of the Tri County Lodging Association and have discussed the financial needs of both the Oregon Convention Center and Portland Center for the Performing Arts;
3. That the Tri County Lodging Association, other interested parties, and the public have the right to review later Metro/MERC actions implementing this resolution and may at their discretion petition Multnomah county to cancel this "resolution" for cause.
4. That the Tri County Lodging Association has recognized the value of the Arts to the greater community and has agreed to support the allocation of \$600,000 a year for 3 years to the Performing Arts Center from the current hotel tax designated for the Oregon Convention Center subject to the following:

BE IT THEREFORE RESOLVED that the Chairman and Secretary-Treasurer are hereby authorized to forward the Hotel Tax reallocation recommendations contained in this resolution to the Metro Council for forwarding to the Multnomah County Board for adoption.

A. That Multnomah County Code Section 5.50.050(5) be amended as proposed in Exhibit "A" attached to authorize MERC to use \$600,000 a year of existing Multnomah County Hotel Tax for the operation only of the Portland Center for the Performing Arts; and that Multnomah County be requested to reference this and/or a subsequent Metro Resolution as justification for the proposed reallocation.

B. That this authorization be limited to three years starting with the 1994/95 fiscal year and at the end of this three year period, the last being fiscal year 1996/97, this authorization shall automatically expire, without the necessity of any further action.

C. That the use of these funds for the PCPA operation is subject to cancellation in any year if an emergency need is identified at the Oregon Convention Center. The MERC is the body charged with identifying such emergencies including, but not limited to:

- (1) "Current Resources except beginning fund balance do not meet current expenditures less renewal and replacement fund transfer and unappropriated balance.
- (2) Revenues from the hotel/motel tax drop by more than 25% in any year when measured against the prior year.
- (3) A major structural failure (not otherwise insured) such that total reserves are insufficient to repair the damage without the use of all or part of the 3 year \$1,800,000 commitment.
- (4) Or any other situation that threatens the normal operation of the convention center.

D. That Metro agree that it will not initiate any new hotel tax nor any increase to existing hotel tax during the time that this reallocation for the PCPA is in effect.

E. That the MERC will issue annually a written "Business Plan" report as to progress made in increasing the business and income for the PCPA and lowering the costs towards minimizing the PCPA financial gap.

F. That percentage guideline limits for MERC and Metro overhead/ support costs be set and results reported annually as part of "E" above.

G. That Multnomah County, Metro and MERC recognize that the overall solution to the region's funding for the Arts crisis does not rest with the hotel tax and that a broad regional solution needs to be found within the 3 year time frame stated here.

H. That MERC recognizes that the business at the PCPA may be increased by more focused marketing to visitors and agrees to consider increased visitor marketing.

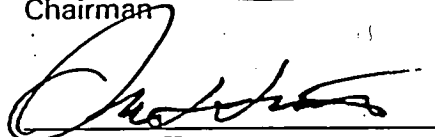
I. That Metro and Multnomah County will amend the 6/24/86 Intergovernmental Agreement as necessary to implement these actions.

J. That the MERC and Metro recognize that the Tri County Lodging Association has been creative and cooperative in helping to identify interim solutions to the problem of funding the PCPA facilities and thanks them for their efforts.

Passed by the Commission on March 15, 1994.



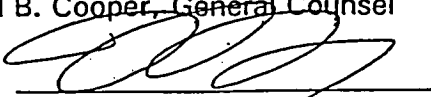
Chairman



Secretary-Treasurer

APPROVED AS TO FORM:
Daniel B. Cooper, General Counsel

By:



Mark B. Williams
Senior Assistant Counsel

**AMENDMENTS TO MULTNOMAH COUNTY
TRANSIENT LODGING TAX****5.50.050. Tax imposed.**

* * *

- (5) After voters have approved issuance of general obligation bonds to finance or partially finance construction of the convention and trade show center or financing for construction has been obtained by some other means, funds deposited in the convention and trade show center special fund shall be used to assist the lead agency for the following purposes:
- (a) First, to pay any expenses incurred on activities identified under MCC 5.50.050(B)(4);
 - (b) Second, if all expenses identified in subsection (a) above have been satisfied, to pay any unfunded annual operating expenses that may have been incurred by the convention and trade show center;
 - (c) Third, if all expenses identified in subsection (a) above have been satisfied and if no otherwise unfunded annual operating expenses exist or if funds remain after the otherwise unfunded annual operating expenses have been paid, to provide for the promotion, solicitation, procurement, and service of convention business at the convention and trade show center to the extent necessary to fully implement the annual marketing program adopted by the lead agency;
 - (d) Fourth, if the needs identified in the foregoing subsections (a) through (c) have been fully satisfied, to pay ancillary costs associated with the development, construction and operation of the convention and trade show center, including but not limited to site acquisition costs and construction costs including financing of those costs;
 - (e) Notwithstanding the limitations on spending in subparagraphs (a) through (d), an amount not to exceed \$70,000.00 one time only may be used by the lead agency for the promotion, solicitation, procurement, and service of the 1988 International Association of Chiefs of Police convention in Multnomah County.

- (f) Notwithstanding the limitations on spending in subparagraphs (a) through (e), the lead agency may use an amount not to exceed \$600,000 per year, for three years beginning with the lead agency's fiscal year 1994-1995, for operation of the Portland Center for the Performing Arts.

Intergovernmental Agreement
Between
Multnomah County and Metro

This Intergovernmental Agreement (Agreement) is between Multnomah County (County) and the Metropolitan Service District (Metro).

Recitals:

1. Metro has been selected as the "lead agency" for the Convention and Trade Show Center project, as defined in MCC 5.50.050(B)(1)(d).
2. MCC 5.50.050(B)(4) mandates the use of certain monies in the Convention and Trade Show Center Special Fund to assist the lead agency with activities necessary for development of the Center pending obtaining financing for construction of the Center.
3. MCC 5.50.050(B)(4) mandates the use of certain monies in the Convention and Trade Show Center Special Fund to assist the lead agency with various Center-related activities following obtaining financing for construction of the Center.
4. The mandated uses of funds are contingent on the lead agency formally adopting a resolution or ordinance declaring its intent to have primary responsibility for building and operating the Center.

Agreement:

1. Payments to Metro: The County shall pay to Metro, within 30 days of receipt by the County, those monies mandated by MCC 5.50.050(B)(4) and (5) to be used to assist the lead agency.
2. Use of Monies by Metro: Metro shall use the monies provided to it under Section 1 of this Agreement exclusively for the purposes described in MCC 5.50.050(B)(4) and (5) as in effect on the date of execution hereof or as subsequently expanded by the County.
3. Accounting for Use of Monies by Metro: Metro annually shall account to the County Finance Director for the monies paid to it by the County under this Agreement during the preceding fiscal year. The accounting for FY 1986-87 shall be due October 1, 1987, and the accounting for each succeeding fiscal year shall be due on each succeeding October 1.
4. Termination: This Agreement shall terminate in the event of occurrence of the changes specified in MCC 5.50.050(B)(7) as in effect on the date of execution hereof or as the date therein subsequently may be extended by the County. This Agreement also shall terminate in the event of mutual written agreement of the County and Metro.

Intergovernmental Agreement
Between Multnomah County & Metro
June 24, 1986
Page 2

5. Effective Date: This Agreement shall be effective on formal adoption by Metro of a resolution or ordinance declaring Metro's intent to have primary responsibility for building and operation of the Convention and Trade Show Center.

Dated: June 24, 1986

Approved as to form:

Peter Keating

County Counsel

Approved as to form:

Ed Bakendale

Metro Counsel

COUNTY OF MULTNOMAH

By Deanna Buchanan/ce

Its: _____

METROPOLITAN SERVICE DISTRICT

By Amelia Carlson

Its: _____

4273E

STAFF REPORT

RESOLUTION NO. 94-1948, RECOMMENDING TO MULTNOMAH COUNTY A REALLOCATION OF \$600,000 OF TRANSIENT LODGING TAX PROCEEDS FOR THREE YEARS, TO PROVIDE OPERATING SUPPORT TO THE PORTLAND CENTER FOR THE PERFORMING ARTS.

Date: March 31, 1994

Presented by: Casey Short

BACKGROUND

Resolution No. 94-1948 would direct that Metro request Multnomah County to amend its transient lodging (hotel/motel) tax ordinance to allow an amount not to exceed \$600,000 per year for three years to be used to help defray operating costs of the Portland Center for the Performing Arts (PCPA). This resolution was drafted at the request of the Regional Facilities Committee, pursuant to the Metro E-R Commission's adoption of MERC Resolution No. 94-10, which requested the Metro Council to take this action.

The justification for the request of Multnomah County is grounded in two basic assumptions: first, that PCPA needs the short-term financial support to be able to continue operations at or near current levels, while efforts continue to establish a permanent funding source, and; second, that the Convention Center will be able to continue current operations without this revenue for the three year period contemplated in the resolution. To the first issue, PCPA's need for an operating subsidy has been the subject of concern since its operations were transferred to Metro, and there have been two citizen task forces charged with identifying the scope of the PCPA need and suggesting potential solutions. The proposed 1994-95 budget for PCPA is significantly reduced from past years, with the elimination of the marketing staff, large cuts in Materials & Services, and no money for capital improvements. Even with these reductions, the budgeted operating deficit for PCPA in 1994-95 is \$936,000. The PCPA's budgeted ending balance for 94-95 is \$833,000, so without a subsidy, PCPA operations could be sustained for no more than one more year.

To the second issue, the Oregon Convention Center Operating Fund shows an ending balance in 1994-95 of \$6.8 million; in addition, the Convention Center will have \$2.1 million in its Renewal & Replacement Fund. While the loss of \$1.8 million over three years will cut into the Convention Center's ability to continue to build fund balance, OCC operations will not be affected.

ANALYSIS

The language in Resolution No. 94-1948 is based on the language in the MERC resolution. There are a few language differences, and there are issues to consider, as addressed below. (Citations are from the MERC resolution, included as Attachment A to Resolution 94-1948.)

A. Calls for amendment of the County Code to allow the reallocation of funds. Incorporated in 94-1948 as Be It Resolved #1, with the suggested amendment language included as #1 in the conditions.

B. Establishes a three year limitation on the reallocation, and stipulates that it is for 1994-95 through 1996-97. Incorporated in Be It Resolved #1 and Condition #2.

C. Sets conditions for canceling the reallocation if there is an emergency need for the funds at OCC. The MERC resolution calls for MERC to be the body to identify an emergency requiring cancellation; Resolution 94-1948 gives this authority to the Metro Council (Condition #3).

Adoption of this resolution would not require the Council to identify an emergency and trigger the cancellation clause, but Council will have some discretion in this regard. This issue is raised primarily because of the language in item #1: "Current resources . . . do not meet current expenditures. . . ." The terms "current resources" and "current expenditures" are not clear; if we interpret these terms to refer to budgeted figures, this clause would be triggered for 1994-95. If the \$600,000 is reduced from OCC revenues, total applicable budgeted expenditures would exceed revenues by some \$594,757. If this resolution is to have any effect, there must be some discretion for Council to determine an emergency.

D. "Metro agree[s] that it will not initiate any new hotel tax nor any increase to existing hotel tax during the time that this reallocation for the PCPA is in effect." (Condition #4)

The intended effect of this clause is that upon the effective date of any new hotel tax approved by the Metro Council, for whatever purpose, prior to June 30, 1997, the reallocation will become ineffective. This clause does not constrain Metro from imposing such a tax; it deals only with the effect that imposition of such a tax would have on the terms of this resolution.

E. MERC will provide annual reports. (Condition #5)

F. "Percentage guideline limits for MERC and Metro overhead/support costs be set and results reported annually." (Condition #6)

This is to be interpreted as a non-binding policy statement on support costs. This language only proposes that guidelines be established; it does not limit the amount of support costs MERC Funds pay to MERC Administration or Metro Support Services and Risk Management. Any such limits would have to be approved by the Metro Council through a separate action, with consideration given to the policy implications of artificially limiting support service payments by one department.

(For further developments on this issue, see MERC Resolution No. 94-15, passed by the Commission on March 30. That resolution sets those suggested guidelines.)

G. "Multnomah County, Metro and MERC recognize that the overall solution to the region's funding for the Arts crisis does not rest with the hotel tax and . . . a broad regional solution needs to be found within the 3 year time frame stated here."

This clause is not included in Resolution 94-1948 because it is a policy statement that does not affect Metro's action in asking for a reallocation of transient lodging tax revenues. Further, Metro cannot bind Multnomah County to any policy in this regard.

H. "MERC recognizes that the business at the PCPA may be increased by more focused marketing to visitors and agrees to consider increased visitor marketing."

This clause is not included in Metro's resolution, because it is a MERC policy statement only, intended for MERC's operational considerations.

I. "Metro and Multnomah County will amend the 6/24/86 Intergovernmental Agreement as necessary to implement these actions."

Not included in Metro's resolution because it is unnecessary. The Intergovernmental Agreement (Attachment B to this resolution) states that Metro shall use the money as stipulated in the County Code. Any changes in such use would be addressed there, not in the IGA.

J. Acknowledges the assistance of the Tri-County Lodging Association. Included in Be It Resolved, #3.

OTHER ISSUES

Early discussions of the issue of possible reallocation of a portion of the transient lodging tax considered two issues not addressed in the current resolutions. The first is whether the amount allocated should be a percentage of the tax proceeds instead of a flat amount. The percentage discussed was 1/6 of the tax proceeds, which would produce upwards of \$600,000 per year. (The 1994-95 budget projects \$4.18 million in transient lodging tax revenue; one-sixth of that amount would be just under \$700,000.) This would seem preferable if the reallocation were permanent, because the PCPA's share would increase with inflation, and would also be subject to fluctuations in tax receipts. There does not seem to be as great a need to accommodate such fluctuations since the term of the proposed reallocation is limited to three years, but it is an issue the Council may wish to discuss.

The second issue is whether the reallocation should be applied to the Spectator Facilities Fund as a whole (thereby including Civic Stadium as a potential beneficiary), or even be available for the entire MERC system (bringing in the Expo Center). This idea still has some merit, and is also worthy of Council discussion.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF RECOMMENDING) Resolution No. 94-1948
TO MULTNOMAH COUNTY A REALLOCATION)
OF \$600,000 OF TRANSIENT LODGING) Introduced by Regional
TAX PROCEEDS FOR THREE YEARS, TO) Facilities Committee
PROVIDE OPERATING SUPPORT TO THE)
PORTLAND CENTER FOR THE PERFORMING)
ARTS)

WHEREAS, The Portland Center for the Performing Arts (PCPA) requires additional funding to support its operations; and

WHEREAS, Multnomah County levies a 3% transient lodging (hotel/motel) tax, with proceeds dedicated to the Oregon Convention Center; and

WHEREAS, Metro and MERC recognize that the overall solution to the region's funding for the Arts crisis does not rest with the hotel tax and that a broad regional solution needs to be found within the 3 year time frame stated hers; and

WHEREAS, Metro and MERC recognize that the business at the PCPA may be increased by more focused marketing to visitors and agrees to consider increased visitor marketing; and

WHEREAS, The Metropolitan Exposition-Recreation Commission (MERC) adopted Resolution 94-10 on March 15, 1994 (Attachment A), requesting Metro to request Multnomah County to amend the Multnomah County Code to allow \$600,000 per year of transient lodging tax proceeds to be used to support the operations of PCPA for a period of three years, from FY 1994-95 through 1996-97; now, therefore,

BE IT RESOLVED,

That the Metro Council:

1. Directs that the Multnomah County Board of Commissioners be requested to amend Section 5.50.050 of the Multnomah County Code to allow an amount of transient lodging tax revenues, not to exceed \$600,000 per year for the three year period 1994-95 through 1996-97, to be used for operations of the Portland Center for the Performing Arts.

2. Directs that the requested reallocation of Multnomah County transient lodging tax revenues include the conditions set forth in Exhibit A to this resolution.

3. Recognizes the cooperation of the Tri-County Lodging Association in helping to identify interim solutions to the problem of funding the PCPA facilities and thanks them for their efforts.

Adopted by the Metro Council this _____ day of _____, 1994.

Judy Wyers, Presiding Officer

CONDITIONS INCLUDED AS PART OF METRO'S REQUEST
TO MULTNOMAH COUNTY TO REALLOCATE A PORTION
OF ITS TRANSIENT LODGING TAX

1. That Multnomah County Code Section 5.50.050(5) be amended as follows to authorize MERC to use up to \$600,000 per year of existing Multnomah County transient lodging tax revenues for the operation only of the Portland Center for the Performing Arts (new language in bold):

5.50.050. Tax imposed.

* * *

- (5) After voters have approved issuance of general obligation bonds to finance or partially finance construction of the convention and trade show center or financing for construction has been obtained by some other means, funds deposited in the convention and trade show center special fund shall be used to assist the lead agency for the following purposes:
- (a) First, to pay any expenses incurred on activities identified under MCC 5.50.050(B)(4);
 - (b) Second, if all expenses identified in subsection (a) above have been satisfied, to pay any unfunded annual operating expenses that may have been incurred by the convention and trade show center;
 - (c) Third, if all expenses identified in subsection (a) above have been satisfied and if no otherwise unfunded annual operating expenses exist or if funds remain after the otherwise unfunded annual operating expenses have been paid, to provide for the promotion, solicitation, procurement, and service of convention business at the convention and trade show center to the extent necessary to fully implement the annual marketing program adopted by the lead agency;
 - (d) Fourth, if the needs identified in the foregoing subsections (a) through (c) have been fully satisfied, to pay ancillary costs associated with the development, construction and operation of the convention and trade show center, including but not limited to site acquisition costs and construction costs including financing of those costs;

- (e) Notwithstanding the limitations on spending in subparagraphs (a) through (d), an amount not to exceed \$70,000.00 one time only may be used by the lead agency for the promotion, solicitation, procurement, and service of the 1988 International Association of Chiefs of Police convention in Multnomah County.
- (f) Notwithstanding the limitations on spending in subparagraphs (a) through (e), the lead agency may use an amount not to exceed \$600,000 per year, for three years beginning with the lead agency's fiscal year 1994-1995, for operation of the Portland Center for the Performing Arts.

2. That this authorization be limited to three years starting with the 1994-95 fiscal year and at the end of this three year period, the last being fiscal year 1996-97, this authorization shall automatically expire, without the necessity of any further action.

3. That the use of these funds for the PCPA operation is subject to cancellation in any year if an emergency need is identified at the Oregon Convention Center. The Metro Council is the body charged with identifying such emergencies including, but not limited to:

- 1. Current resources except beginning fund balance do not meet current expenditures less renewal and replacement fund transfer and unappropriated balance.
- 2. Revenues from the transient lodging tax drop by more than 25% in any year when measured against the prior year.
- 3. A major structural failure (not otherwise insured) such that total reserves are insufficient to repair the damage without the use of all or part of the 3 year \$1,800,000 commitment.
- 4. Or any other situation that threatens the normal operation of the convention center.

4. That Metro agree that it will not initiate any new hotel tax nor any increase to existing hotel tax during the time that this reallocation for the PCPA is in effect.

5. That the MERC will issue annually a written Business Plan report as to progress made in increasing the business and income for the PCPA and lowering the costs towards minimizing the PCPA financial gap.

6. That percentage guideline parameters for MERC and Metro overhead/support costs be set and results reported annually as part of #5, above.

REGIONAL FACILITIES COMMITTEE REPORT

RESOLUTION NO. 94-1948, RECOMMENDING TO MULTNOMAH COUNTY A REALLOCATION OF \$600,000 OF TRANSIENT LODGING TAX PROCEEDS FOR THREE YEARS, TO PROVIDE OPERATING SUPPORT TO THE PORTLAND CENTER FOR THE PERFORMING ARTS

Date: April 12, 1994

Presented by: Councilor Hansen

COMMITTEE RECOMMENDATION: At its April 6, 1994 meeting the Regional Facilities Committee voted 4-0 to file Resolution No. 94-1948 with the Clerk of the Council and recommend Council adoption. Councilors Hansen, Gates, McFarland, and Washington voted in favor. Councilor Moore was absent.

COMMITTEE DISCUSSION/ISSUES: Council Analyst Casey Short presented the staff report. He said this resolution was drafted at the committee's request, pursuant to a MERC Resolution which recommended the Council take action to recommend a change in the Multnomah County transient lodging tax. Resolution 94-1948 is based largely on that MERC Resolution (No. 94-10), with some minor changes. Mr. Short outlined the changes, which included deletion of three sections which are policy statements rather than policy directions, and substitution of the Metro Council for the MERC Commission as the body authorized to declare that circumstances at the Convention Center would dictate that the reallocation of the revenues be stopped.

Mr. Short discussed item #6 in the list of conditions (Exhibit A to the resolution), which calls for the establishment of "percentage guideline limits for MERC and Metro overhead/support costs." He said this is an important policy question for Council to consider, as it raises the potential of artificial limits on one department's support service payments. Councilor McFarland asked if deletion of this condition would affect the hotel industry's support for the resolution. MERC General Manager Pat LaCrosse said the principal concern of the hotel industry and of MERC is that overhead support costs not increase out of proportion with revenues and with other costs of doing business. Inclusion of the clause pertaining to limits on support costs was an effort to ensure that increases in those costs did not absorb a substantial portion of the additional money for PCPA. He said the concern was to set guidelines around which those costs could be evaluated. He said he felt that the hotel industry would probably not object to modification in the language on this point, as long as there was some assurance that the issue of support costs would be reviewed. MERC understands that it is not in a position to limit support costs, but wants to establish a reporting mechanism for reviewing those costs.

Councilor McFarland asked if MERC or the hotel industry would object to changing the language to refer to "percentage guidelines" rather than "percentage guideline limits." Mr.

LaCrosse said he thought neither group would object, and Councilor McFarland moved that change. Councilor Moore suggested using the words, "percentage guideline parameters," to make clear that Council is concerned about the costs but does not want to establish limits.

Councilor Washington asked if a dollar amount limitation on support costs should be used, in relation to the \$600,000 proposed for reallocation to PCPA. Mr. Short said he would recommend against that, because the Council needs to evaluate the support costs annually in the budget process and the dollar amounts will fluctuate based on Council's determination of how much is necessary to support agency operations. A dollar limit on the costs to be paid by one department would have to be made up elsewhere. Mr. LaCrosse added that flexibility should be maintained, in order to accommodate extraordinary expenses in any given year.

Councilor McFarland said she had no objection to adding the word "parameters" as suggested by Councilor Moore, and that change was approved by the committee.

Councilor Gates asked that clauses (g) and (h) from the MERC resolution be added as "Whereas" statements in Resolution 94-1948. Those acknowledge that the hotel tax does not represent an overall solution to the issue of public funding for the arts in the region and that such a solution should be found in the next three years, and that PCPA business could be improved by increased marketing to visitors. These statements were included in the committee's approved resolution.