

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING)	RESOLUTION NO. 96-2428
A PROPOSAL TO FUND THE PORTLAND)	
CENTER FOR THE PERFORMING ARTS,)	Introduced by
THE OREGON CONVENTION CENTER,)	Councilor Ed Washington
AND THE ARTS)	

WHEREAS, Metro, Multnomah County, the City of Portland, and other interested parties have worked for several years to address funding needs for MERC facilities; and

WHEREAS, the City has indicated its intent to terminate the Metro/City IGA for PCPA/Stadium management and resume management of those facilities; and

WHEREAS, a jointly developed ten year financial projection has been prepared which is agreed to by all parties; and

WHEREAS, Robert Ridgely has developed a compromise proposal that addresses funding needs for PCPA, OCC, and the Arts; and

WHEREAS, the level of funding support designated for OCC in Mr. Ridgely's proposal is the minimum amount necessary in order to ensure continued operation of OCC in a manner consistent with convention industry standards and requirements; and

WHEREAS, continued operation of OCC in a manner consistent with convention industry standards and requirements is vital to the economic development of the Portland Metro Region including the inner north/northeast Portland neighborhoods originally impacted by OCC construction; and

WHEREAS, Mr. Ridgely's proposal has received broad community support; now,
therefore,

BE IT RESOLVED,

The Metro Council hereby endorses the Ridgely proposal, attached hereto as
Exhibit A.

ADOPTED by the Metro Council this 21st day of November, 1996.



Jon Kvistad, Presiding Officer

Approved as to Form:



Daniel B. Cooper, General Counsel

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STAFF REPORT

CONSIDERATION OF RESOLUTION #96-2428, FOR THE PURPOSE OF ENDORING A PROPOSAL TO FUND A PORTLAND CENTER FOR THE PERFORMING ARTS AND OREGON CONVENTION CENTER FINANCIAL PLAN

Date: November 20, 1996

Presented by Councilor Washington

Background

In 1990 the Portland Center for the Performing Arts (PCPA), Civic Stadium and Memorial Coliseum were transferred to Metro from the City of Portland, via an Intergovernmental Agreement. The Exposition and Recreation Commission (ERC) was also transferred, and became MERC by Metro ordinance. Ultimately Metro, through MERC, also managed the Oregon Convention Center (opened in 1990 by Metro) and Expo (transferred to Metro in 1996). Ownership of the facilities was to be retained by the city of Portland until the Memorial Coliseum was transferred to the Blazers in 1993, creating a funding problem for the PCPA.

Several committees have studied the PCPA funding problems, with the ultimate goal of fully transferring all facilities to Metro. The most recent committee, Transition Team, Chaired by Don McClave, concluded its work without finding a way to surmount the fiscal problems surrounding the city owned facilities, particularly the PCPA, so as to be able to transfer these facilities to Metro. City of Portland Commissioner Mike Lindberg has indicated, via letter dated November 8, 1996, that the city intends to terminate the intergovernmental agreement prior to the deadline of December 31 of this year and resume management of the two facilities, effective July 1, 1997.

Ridgely Proposal

Mr. Bob Ridgely, CEO of NW Natural Gas, and former ERC member, at the request of Metro and the City of Portland, has contacted the principal parties and put forward a proposal related to transfer of the PCPA and Stadium, distribution of the county hotel/motel tax, and clarifying other roles and responsibilities.

Mr. Ridgely has laid out two proposals: one factoring in completion of the Oregon Convention Center and one without that completion (see exhibit A). Beverly Stein, chair of the Multnomah Board of County Commissioners also has drafted two proposals: one with OCC completion--one without (see attachment 1 to this staff report). Stein's differs

from Ridgely's chiefly in that it uses a different starting point for funds available to the OCC (\$3.5 million vs. \$3.95 million in Ridgely's), creates a balance to be used for other purposes (Ridgely's does not), and may differ in assumptions for growth in amounts of resources directed to OCC as compared to amount directed to PCPA and Cultural/Arts organizations (see footnote 3 of Exhibit A).

Exhibit A and Attachment 1 to the staff report, are Metro documents which summarize spreadsheets used by Mr. Ridgely in his report before the Board of county Commissioners. Those spreadsheets were prepared by county staff.

The Ridgely proposal works from the premise that the City of Portland "take back" (retain) ownership of the PCPA and Civic Stadium. The county 3% Hotel/Motel tax is divided, beginning in fiscal year 1997-'98, in such a way that \$1.6 million is allocated to PCPA (\$1.3 million to the city for PCPA, renewal and replacement and marketing) and Cultural and Arts organizations (\$300 for cultural tourism). The remainder of the hotel/motel tax proceeds, \$3,965,000, are then directed to Metro and applied against the combined shortfall of OCC and Expo. This proposal does not take into account the capital needs for these facilities, only operations, maintenance and renewal and replacement. Therefore Metro will be responsible for the capital needs of the OCC and Expo.

Projections indicate that under Ridgely's proposal, adequate funds will be available to provide operating support for a completed OCC facility. Stein's proposal creates an operating shortfall under both scenarios. Beginning fund balance for fiscal year 1997-98, for the OCC Operating Fund is approximately \$1.2 million with expenditures projected to be approximately \$14 million.

While Metro loses \$1.6 million of hotel/motel tax revenue annually (plus inflation), it is no longer responsible for the \$250,000 to PCPA, the responsibility of addressing user fee reduction for arts users, and the capital backlog at PCPA and the Civic Stadium.

It should be noted that while the funds directed to the city and arts organizations are proposed to grow at a rate roughly equal to the consumer price index (CPI), funds accruing to Metro are proposed to grow at a rate slightly higher than the assumed growth of the hotel motel tax. There is ongoing discussion of these assumptions, and a change in them could result in significantly less funds being captured by Metro over time.

Mr. Ridgely in his presentation to the Board of County Commissioners indicated that he believes that the city, lodging, and arts organizations agree with his proposal and knows of no organizing opposing it. Commissioner Mike Lindberg agreed that the city does support the proposal.

end

Summaries of Hotel/Motel Tax Availability and Proposed Uses

Exhibit A

Ridgely Proposal - with OCC Completion Beginning in FY 1999-2000

	FY 97-98	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	10 yr. total	Yearly/Average
1 Available from 3% Hotel Motel Tax	5,565,000	5,947,000	6,357,000	6,795,000	7,364,000	7,981,000	8,651,000	9,250,000	10,028,000	10,872,000	78,810,000	
2 Contributions to PCPA and Cultural/Arts Org.	1,600,000	1,664,000	1,731,000	1,800,000	1,872,000	1,947,000	2,025,000	2,105,000	2,190,000	2,277,000	19,211,000	1,921,100
3 Proposed Level of Hotel Motel Tax for Metro	3,965,000	4,283,000	4,626,000	4,995,000	5,492,000	6,034,000	6,626,000	7,145,000	7,838,000	8,595,000	59,599,000	5,959,900
4 Total Shortfall from OCC and Expo	(3,826,500)	(3,885,750)	(4,770,000)	(6,079,000)	(4,979,000)	(6,072,000)	(6,526,000)	(5,941,000)	(6,057,000)	(5,744,000)	(53,880,250)	(5,388,025)
5 Proposed Tax Level less Metro Shortfall	138,500	397,250	(144,000)	(1,084,000)	513,000	(38,000)	100,000	1,204,000	1,781,000	2,851,000	5,718,750	571,875
6 Net available for other projects	0	0	0	0	0	0	0	0	0	0		

Ridgely Proposal - without OCC Completion

	FY 97-98	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	10 yr. total	Yearly/Average
1 Available from 3% Hotel Motel Tax	5,565,000	5,947,000	6,357,000	6,795,000	7,364,000	7,981,000	8,651,000	9,250,000	10,028,000	10,872,000	78,810,000	
2 Contributions to PCPA and Cultural/Arts Org.	1,600,000	1,664,000	1,731,000	1,800,000	1,872,000	1,947,000	2,025,000	2,105,000	2,190,000	2,277,000	19,211,000	1,921,100
3 Proposed Level of Hotel Motel Tax for Metro	3,965,000	4,283,000	4,626,000	4,995,000	5,492,000	6,034,000	6,626,000	7,145,000	7,838,000	8,595,000	59,599,000	5,959,900
4 Total Shortfall from OCC and Expo	(3,826,500)	(3,885,750)	(4,170,000)	(5,079,000)	(5,079,000)	(5,175,000)	(5,975,000)	(5,204,000)	(5,315,000)	(4,751,000)	(48,460,250)	(4,846,025)
5 Proposed Tax Less Metro Shortfall	138,500	397,250	456,000	(84,000)	413,000	859,000	651,000	1,941,000	2,523,000	3,844,000	11,138,750	1,113,875
6 Net available for other projects	0	0	0	0	0	0	0	0	0	0		

Base Assumption: PCPA and Cultural/Arts Organizations will receive a total of \$1.6 million which would increase at approx. 4% annually. Metro would receive the balance of Hotel/Motel Tax

Footnotes:

- 1 A total of 9% Hotel/Motel tax is levied throughout Multnomah County. In some incorporated areas (i.e. City of Portland) the City levies a 6% Hotel/Motel Tax and the County a 3% tax. In unincorporated areas of the County or areas where the cities have not imposed a Hotel/Motel Tax, Multnomah County retains the 6% portion of the tax. The 3% portion of the Hotel/Motel tax levied throughout the County is set aside to provide for the operations of the Oregon Convention Center. This line shows the total amount projected to be received by the 3% portion.
- 2 Each proposal sets aside funds to support the operation of the PCPA, beginning at \$1.2 million and growing annually, and other Cultural and Arts endeavors within the Metro Region
- 3 Both Ms. Stein and Mr. Ridgely have proposed that a level of the 3% Hotel/Motel Tax be contributed for the operations of the Oregon Convention Center and Expo. Ms. Stein's proposal is that this level of support begin at \$3.5 million and increases annually at approximately 7% to 8% consistent with the increases in the projected Hotel/Motel Tax. Mr. Ridgely's proposal is that this level of support begin at approximately \$3.9 million and increases annually at a rate of approximately 8% to 10%
- 4 The amount shown in this line is the combination of the shortfall from OCC offset by the profit/loss from Expo
- 5 This line indicates the extent to which this proposed tax level to Metro fails to meet, meets, or exceeds the shortfall in Metro facilities.
- 6 This line indicates the remainder of the 3% Hotel/Motel Tax that is either available for other projects or retained by Multnomah County.