

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 94-6

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 5.550.050(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 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;

BE IT THEREFORE RESOLVED that the Chairman and Secretary-Treasurer are hereby authorized to forward the 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.

B. That this authorization be limited to three years starting with the 1994/95 fiscal year;

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 where the remaining hotel tax and reserve is insufficient to meet that need and it is identified as an emergency such that the orderly operation of the OCC is threatened without the use of the \$600,000. It is understood that the MERC is the body charged with identifying such emergencies including, but not limited to eg. A major decrease in hotel tax income which threatens the operating subsidy and reserve; a major structural failure such that the reserve for replacement and other reserves are insufficient to repair the damage without the use of the 3 year \$1,800,000 commitment; or similar type of emergency.

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

E. That the PCPA and MERC report to the METRO Council and to the public annually as to progress made in increasing the business and income for the center and the lowering of costs towards minimizing the PCPA financial gap.

F. That the overhead costs of the MERC Administration and the METRO support be set as percentages of budget expenditures less transfers and contingency and that this percentage be set as the maximum "overhead" percentage for the duration of this reallocation.

G. That METRO and MERC recognizes that the solution to the region's funding for the Arts crisis does not rest solely with the hotel tax and that a much broader regional solution is needed and must be found within the 3 year time frame stated here.

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

I. 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 February 9, 1994.

TABLED

Chairman

Secretary-Treasurer

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

By: _____
Mark B. Williams
Senior Assistant Counsel

MERC Staff Report

Agenda/Item Issue: Approval of recommendation to METRO and Multnomah county to allocate \$600,000 a year for 3 years for operational support for the Portland Center for Performing Arts.

Resolution No. 94-6

Date: February 9, 1994

Presented By: Pat LaCrosse

BACKGROUND AND ANALYSIS:

The Business Plan developed for the PCPA shows that absent new outside resources, the PCPA will utilize all of its remaining fund reserve in the next year and face closing the doors. Efforts have been made to cut costs, increase business, and otherwise lessen the deficit for the center. The Oregon Convention Center has enjoyed success the last few years and the hotel industry and resulting tax has seen similar success. Commissioners and staff have worked with the Hotel/Motel industry on a plan to allocate a small portion of the existing tax from the OCC for a limited period of time. A mutual agreement has been reached that is support by the industry and contains some restrictions. These are listed in the resolution attached.

FISCAL IMPACT:

This action and related resolution would reduce the Hotel Tax proceeds to the OCC by \$600,000 for a period of three years. It is not anticipated that this will negatively affect the OCC due to the buildup for reserve already in place. It will also positively affect the PCPA by adding \$600,000 to its budget starting in July, 1994 for the fiscal year 94/95.

Discussion with liaison Commissioners and/or user groups: The liaison commissioner as well as the Chair have been involved in the discussions and were present when a conclusion was reached. The hotel community has been party to the agreement as has been the staffs of both the OCC and the PCPA.

RECOMMENDATION:

Staff recommends that the MERC Commissioner approve the recommendation for Multnomah County to reallocate this money in line with the resolution.

**AMENDMENTS TO MULTNOMAH COUNTY
TRANSIENT LODGING TAX**

5.50.050. Tax imposed.

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- (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.