

METROPOLITAN EXPOSITION-RECREATION COMMISSION

RESOLUTION 95-13

WHEREAS, the state of Oregon, the local governments in the Portland Metro Region and the visitor industry formed a partnership in 1986 to build the Oregon Convention Center as an economic development project; and,

WHEREAS, the expected benefits included \$137 million in annual sales for tri-county businesses, 3,300 jobs especially for unemployed and underemployed, \$35 million in additional wages, and \$4.3 million in additional state and local tax revenues; and,

WHEREAS, the expected benefits included increased tourism for areas of Oregon outside of Portland; and,

WHEREAS, the partnership resulted in a total investment of \$93.2 million from the state, the local improvement district and the regional tax-payers and an annual investment of \$3-4 million from hotel-motel taxes; and,

WHEREAS, the Center opened in September 1990, has operated for four full years, and has returned a total of \$1.46 billion on the investment to the state of Oregon and the tri-county area; and,

WHEREAS, a study commissioned by the State Department of Economic Development found that the 1994 impact resulted in \$430 million total regional sales, 6,500 jobs, \$116 million in wages and salaries, and \$20.9 million in taxes (\$5.9 million state; \$14.9 million local); and,

WHEREAS, a survey of 1994 convention delegates showed that half visited parts of Oregon other than the Portland area spending an average of \$253 per day; and,

WHEREAS, the same survey found that 48% expected to return to Oregon within the next 2 years for vacation or pleasure; and,

WHEREAS, the Convention Center has encouraged smaller convention business in suburban areas and other parts of Oregon resulting in increased hotel occupancy and visitor spending; and,

WHEREAS, the Oregon Convention Center is heavily booked to the point of 72 % of capacity for 1995 and 1996; and,

WHEREAS, 75% of capacity is considered "full" in the industry due to time needed to set-up and tear-down, maintenance, vacation and times when conventions cannot be booked; and,

WHEREAS, approximately 20 major shows that are repeat customers now need additional space; and,

WHEREAS, additional convention business is now being turned away due to lack of space and dates; and,

WHEREAS, the original plan for the Oregon Convention Center was to build an expansion in the parking lot area once the facility reached capacity; and,

WHEREAS, the Commission believes the Oregon Convention Center has exceeded its goals, realized a substantial return on the public's investment and has fulfilled its promise to produce jobs and visitor spending for Oregon.

THEREFORE, BE IT RESOLVED THAT:

The feasibility of expanding the Oregon Convention Center be formally considered in order to realize additional economic benefits. This feasibility analysis should consist of the following elements, as a minimum:

1. Feasibility Study

Economic assessment of alternatives

- * Market for an expanded facility
- * Impact of no expansion
- * Market potential for different expansion configurations
- * Assess current hotel inventories and determine needs for expanded facility including a headquarters hotel

Parking and Traffic

- * Identify needs for parking and propose specifications
- * Assess traffic concerns and transportation needs
- * Develop alternative means to address needs

Financial Proposal

- * Develop a financial plan for construction and operation of an expanded facility
- * Identify potential resources

2. Public support assessment

Polling to determine level of support for expansion and/or various cost levels of expansion

Determine support among regional leaders via public presentations and discussions

Formal public review process at MERC and Metro

3. Design

- .Determine process for hiring an architect
- .Implement process and hire architect
- .Develop preliminary design sufficient to determine the amount for bond measure

BE IT FURTHER RESOLVED THAT:

Staff is authorized, in accordance with budgeted allotments, to:

1. Manage the process of hiring research, public opinion and design firms.
2. Manage the public review process including the public speaking engagements.
3. Coordinate expansion planning with local civic, business, and other appropriate entities.
4. Manage the process to assess financial commitments available from funding sources.
5. Manage contracts with consultants and/or firms.

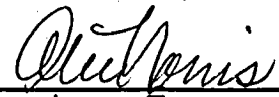
BE IT FURTHER RESOLVED THAT:

1. MERC receive regular reports on progress of the feasibility analysis and report, in turn, to Metro.
2. MERC receive final reports on all aspects of the feasibility analysis no later than November 1995.
3. Upon review of the feasibility analysis, MERC will determine by resolution whether or not to request that Metro put a General Obligation Bond Measure on the regional ballot. Such determination will occur at the November, 1995 MERC meeting and forwarded to Metro for consideration in December, 1995.

Passed by the Commission on April 12, 1995



Chairman



Secretary-Treasurer

APPROVED AS TO FORM:
Daniel B. Cooper, Metro Legal Counsel

By: _____
Mark B. Williams
Senior Assistant Counsel

MERC STAFF REPORT

Agenda Issue: Feasibility of Convention Center Expansion

Date: April 12, 1995

Presented by: Jeff Blosser
Pamela Erickson

Introduction

In 1986, a regional and state partnership was formed to support development of the Oregon Convention Center. The goals were to realize the economic benefits of conventions and to enhance the economic development image of Oregon and the region. Goals established for the OCC were:

\$137 million in annual sales
3,300 jobs
\$4.3 million in state and local tax revenues

The Center was expected to benefit tourism throughout the state by promoting visits to Oregon attractions either before, during or after the convention.

The Center was built with a design that provided for expansion should the goals be realized. The additional space would be built over the current parking lot with parking underneath. The expansion would allow bidding for larger conventions and simultaneous ones.

In the fall of 1994, the State Department of Economic Development (one of the original partners), commissioned a study of the economic impact of OCC since construction to determine if the original goals have been met. This study follows on an Oregon Tourism Alliance survey (another original partner) of the spending patterns of selected 1994 convention delegates.

Study Results and Implications

In comparing the goals to the study results, we can see that in 1994 6,500 jobs were created versus a goal of 3,300; total sales for 1994 were \$430 million versus an annual expected impact of \$137 million (\$203 million in 1994 dollars at an inflation rate of 4% per year). The additional tax revenues were \$20.9 million versus a goal of \$4.3 million. The total impact since construction is almost \$1.5 billion.

The benefit is not just for downtown Portland. Our research has shown that about half of the convention delegates visit areas other than Portland either before, after or during the convention. About half also spent additional time in Oregon in conjunction with the convention. A good portion say they plan to return within two years.

The Convention Center has fueled the growth of convention and meeting business in the suburban areas and other communities in Oregon. As the Oregon Convention Center has reached capacity, downtown hotels and meeting rooms are full. Local and state groups that want to meet in the Portland area now go to the suburban areas or to other communities.

The director of the Pendleton Convention Center recently wrote of his support for our facility. He cited several instances of "a lot of strangers in town" eating in restaurants, shopping and staying at the local motels. He discovered that they were conventioners going to or from a Portland convention. Recent tourism statistics showed a healthy increase in convention business for the Seaside convention Center.

Capacity of the Center

The Convention Center is now full and turning away business due to lack of dates. According to P/OVA, 76 pieces of business have been turned away for that reason. The Center has a number of shows that exhibit annually. Many have grown to the point where they now occupy the entire building and would like additional space. Some of those will eventually leave for larger facilities.

In December 1991, the Metro-appointed Public Policy Advisory Committee for Regional Convention, Trade, Performing Arts and Spectator Facilities issued its report. Its Convention/Exposition Subcommittee recommended that:

"The planned Oregon Convention Center expansion should occur provided the following conditions are met:

- *Convention and other business has increase to the point where OCC has reached full capacity (as determined by industry standards) and expansion is warranted. Capacity, as measured by industry "rule of thumb" means 75% capacity for about 8-10 months in 2 consecutive years. (The 75% figure is used because of holidays, set up/tear down time and maintenance.)
- *The need for parking is addressed and resolved or substantially mitigated.
- *Public support for financing exists."

The Committee recommended that a study of expansion be initiated no later than 1993.

Current information shows occupancy for 1995 to be 72.5% and 72.9% for 1996; the percentages will likely be higher given that bookings will be added during the year. Further, if a decision to expand were to be made in late 1995, the earliest the expanded facility could open--given bonding, design and construction--would be late 1999; four years from now with the facility already at or very near capacity.

Fiscal Impact

Some unexpended funds exist in OCC's FY 94-95 budget for the feasibility study. Funds are also budgeted in the FY 95-96 budget and have been approved by Metro's budget committee.

Major Activities

At previous meetings, MERC has seen the Convention Center Expansion Workplan. That portrays the timeline for a series of activities. To meet those timelines there are three major tasks:

1. Feasibility Study

A request for proposal will be written to select a firm to do a study. The study will assess the market for expansion including room and infrastructure needs, examine different alternatives including no expansion, examine parking needs and traffic concerns, develop a financial plan for construction and operation and suggest potential sources for financing the expansion.

2. Public Support Assessment

This will be done in two ways. First, a public opinion firm will be hired to assess public support for a bond measure. Second, public support among regional leaders will be assessed via public presentations and discussions.

3. Design

A preliminary design will be needed that is sufficient to provide a cost estimate for the financial plan. Staff will develop a process for hiring a design firm.

Staff will need to manage the overall process, manage the public review process, coordinate expansion planning with local groups such as the neighborhood association, and gain commitments from funding sources.

Conclusion and Recommendation

The economic impact study shows that OCC has not only met, but greatly exceeded, its goals. The public has received a very good return for its investment dollar. The information on capacity shows that the Convention Center is full. Direction from Metro's citizen advisory committee (Carlsen Committee) suggests that a study of expansion is not only appropriate but overdue. The Metro budget committee has reviewed the feasibility study plans and approved the budget expenditure.

It is now time to begin the feasibility study and engage in a public decision-making process to decide the question of expansion. Therefore, staff recommends the Commission adopt Resolution 95-15.