

METROPOLITAN EXPOSITION-RECREATION COMMISSION
Resolution No. 98-4

Requesting the Metro Council to refer the Oregon Convention Center Completion Bond Measure to the regional voters on the November 1998 Ballot.

Whereas, the Commission is charged by Metro Code Section 6.01.040(b) with the duty to manage, operate, and market publicly owned convention, trade and spectator facilities; and,

Whereas, the Metro Council has, pursuant to Metro Code Section 6.01.040(a), directed the Commission to advise the public owners of the MERC facilities on financial measures which may be necessary or desirable with respect to major capital projects,

NOW, THEREFORE, THE METROPOLITAN EXPOSITION-RECREATION COMMISSION FINDS AS FOLLOWS:

1. The Oregon Convention Center (OCC) is an international multi-purpose convention and trade show facility owned by Metro and operated by the Metropolitan Exposition Recreation Commission (MERC). Since its opening in September 1989, more than 4.3 million people have attended OCC events. The Center has generated more than \$2.2 billion in total economic activity in the tri-country region, including more than \$107 million in tax revenue that helps to pay for police, education, and other social services. OCC has generated 5200 permanent jobs in the community.
2. OCC has been operating at capacity for two years and is turning away convention business. In addition, OCC is losing existing conventions that have outgrown the facility. OCC's competitors are expanding, and convention business trends indicate that growth in the industry will continue unabated. Without completion, OCC will become the smallest convention center in the West for a city of Portland's size, and will lose business that will further benefit the regional economy. Tax receipts generated by OCC will decline.
3. Expansion to complete the original facility design would add a total of 350,000 additional square feet, or an addition of approximately 60 percent of the existing facility. This includes 100,000-115,000 square feet of clear span exhibit space; a 35,000 square foot ballroom; 30-40 meeting rooms (30-35,000 square feet); 30-35,000 square feet of lobby/pre-function space; a parking garage under the new space or two levels - 1,350 spaces; 10 loading docks with an expanded courtyard for trucks.
6. The expanded Center will generate growth in hotel/motel tax revenue, an estimated 3400 new permanent jobs and other indirect economic benefits for the tri-county region. The project is part of the long term strategic plan established for the Center at its inception and reaffirmed in the OCC business plans.

7. The cost of the project will be approximately \$90 million. The ballot measure would ask taxpayers to authorize \$78 million through a general obligation bond, approximately \$8-10 million of which will be backed by a ½% increase in the transient lodging tax levied by Multnomah County. The balance of the project will be financed by \$5-7 million in tax increment financing from the City of Portland, and \$7-8 million in MERC/OCC funds.
8. The OCC completion project has widespread support in the community, including the support of the hospitality community, the business and the arts communities.
9. The project will benefit regional citizens and the regional economy.

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission:

1. Requests that the Metro Council refer to the voters of the Metro region on the November 1998 ballot a measure to expand the Oregon Convention Center to complete the original facility design through the issuance of general obligation bonds in the amount of \$78 million.
2. Directs Commission staff to communicate the Commission's request to the Metro Council, and to provide to the Council any information the Council may require in order to reach its decision on this measure.

Passed by the Commission on January 14, 1998.



Chair



Secretary-Treasurer

Approved as to Form:
Daniel B. Cooper, General Counsel

By: 

Katie Pool, Sr. Assistant Counsel

I HEREBY CERTIFY THAT THE FOREGOING IS A COMPLETE AND EXACT COPY OF THE ORIGINAL THEREOF.

Rebecca N. Shoemaker, Archivist
Clerk of the Metro Council

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF SUBMITTING TO)	RESOLUTION NO 98-2609
THE VOTERS A GENERAL OBLIGATION)	
BOND INDEBTEDNESS IN THE AMOUNT)	Introduced by
OF \$82,030,000 FOR THE COMPLETION)	Executive Officer Mike Burton,
OF THE OREGON CONVENTION CENTER)	Presiding Officer Jon Kvistad,
)	and Regional Facilities Chair
)	Ruth McFarland

WHEREAS, The original plan for the Oregon Convention Center ("OCC") called for utilization of the entire site. In 1986, regional voters approved a \$65 million General Obligation bond toward the construction of Phase I of the Convention Center plan. All of the land necessary for completion of Phase II, the current proposed expansion, was purchased at that time; and

WHEREAS, Phase I of the Oregon Convention Center project, the existing facility, was completed in 1989 and has exceeded projections for attendance, the generation of regional revenue and employment. The facility has been operating at practical capacity for three years and is turning away potential business and losing existing business; and

WHEREAS, Upon completion of the original plans, the Oregon Convention Center is projected to generate an additional \$170 million economic impact on the tri-county region annually, to expand regional employment by an estimated 3,400 permanent jobs, and to attract new cultural and economic resources to the region. Failure to expand the facility pursuant to the original plan will result in a loss of OCC's competitive position and a decline in revenue and other economic benefits generated by OCC; and

WHEREAS, Metro has engaged the involvement of the community in this project, including citizens' groups, civic organizations, business leaders, and elected officials; and

WHEREAS, The completion of the Oregon Convention Center is regarded as a project of significant economic benefit for regional voters; now, therefore,

BE IT RESOLVED:

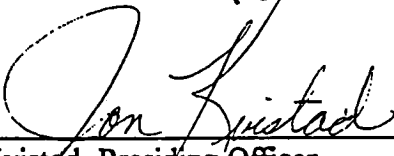
1. That the Metro Council hereby submits to the qualified voters of the District the question of issuing General Obligation bonds in the maximum principal amount of \$82,030,000 for the completion of the Oregon Convention Center as generally described in Exhibit "B." The bonds shall mature over a period of not more than 30 years.

2. That the measure shall be placed on the ballot for the general election to be held on November 3, 1998.

3. That the District shall cause a Notice of Measure Election and the Ballot Title attached as Exhibit "A" to be submitted to the Elections Officer, the Tax Supervising and Conservation Commission, and the Secretary of State in a timely matter as required by law.

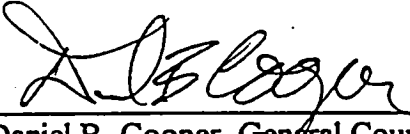
4. That the Executive Officer, pursuant to Oregon Law and Metro Code Chapter 9.02, shall transmit this measure, ballot title, and explanatory statement to the County Elections Officer for inclusion in any county voters' pamphlets published for the election on this measure.

ADOPTED by the Metro Council this 26th day of FEBRUARY 1998.



Jon Kvistad, Presiding Officer

APPROVED AS TO FORM:



Daniel B. Cooper, General Counsel

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**EXHIBIT A.
BALLOT TITLE**

Caption

Bonds to complete the Oregon Convention Center.

Question

Shall Metro issue \$82,030,000 of general obligation bonds to finance Oregon Convention Center completion? If bonds are approved, they will be payable from taxes on property ownership that are not subject to the limits of Sections 11 and 11b, Article XI of the Oregon Constitution.

Explanation

The measure authorizes \$82,030,000 in bonds for capital construction and improvements to expand and improve the Oregon Convention Center. Approval of the measure will complete the Oregon Convention Center, increase exhibition, meeting room, and lobby/prefunction space, parking, and add a ballroom. It will increase facility capacity, allowing the facility to serve larger events, multiple events at the same time, and expanded event schedule. The completed Oregon Convention Center will generate employment, tax revenue, and a projected additional \$170 million economic impact on the tri-county region annually. Bonds mature in not more than 30 years. The maximum annual cost to the taxpayer is estimated to be \$9.72 on a \$100,000 home .

**EXHIBIT B.
DESCRIPTION**

**OREGON CONVENTION CENTER
COMPLETION MEASURE**

The purpose of this measure is to obtain voter approval for an expansion of the Oregon Convention Center (OCC) to complete the original facility plans through the issuance of general obligation bonds in the amount of \$82,030,000.

The proposal to expand the Oregon Convention Center is part of the long term strategic plan for the Center established at its inception and reaffirmed in the OCC business plans. Completion is the first priority of the current three year business plan. The project will enable the Center to remain competitive and to continue generating significant tax revenue and economic benefits for the Tri-county region.

OCC is an international multi-purpose convention and trade show facility. It is a 500,000 square foot facility consisting of 150,000 square feet of column-free exhibit space; a 25,000 square foot ballroom dividable into four separate rooms; 28 breakout/meeting rooms with a total of 30,000 square feet and 55,000 square feet of lobby and pre-function space; parking on site for 1,040 vehicles and kitchen facilities for serving up to 5,000 meals.

Since its opening in September 1990 more than 4.3 million people have attended OCC events, nearly double original projections. The Center has generated more than \$2.2 billion in total economic activity in the tri-country region, including more than \$107 million in tax revenue that helps to pay for police, education, and other social services. OCC has generated 5200 permanent jobs in the community. Convention and trade shows, while representing only one-third of total attendance, generate about 95 percent of the economic impact.

The Center has been operating at practical capacity for three years and is turning away potential convention business. In addition, OCC is losing existing convention business that has outgrown the facility. OCC's competitors are expanding, and convention business trends indicate that growth in the industry will continue unabated. Without completion, tax receipts and other economic benefits generated by OCC are projected to decline. With completion, the expanded Center is expected to generate growth in hotel/motel tax revenue, an estimated 3400 new permanent jobs and other indirect economic benefits for the region.

Completion Plan

Initial plans for completion of the original Oregon Convention Center (OCC) facility call for 350,000 additional square feet, bringing total OCC square footage to 850,000. The completion plan would add the following:

- 1) 100,000-115,000 square feet of clear span exhibit space
- 2) 35,000 square foot ballroom

- 3) 30-40 meeting rooms (30-35,000 square feet)
- 4) 30-35,000 square feet of lobby/pre-function space
- 5) Parking garage under the new space on two levels
- 6) 10 loading docks with an expanded courtyard for trucks

Some of these items may be replaced, deleted, or modified.

Present plans call for all of the additional square footage to be constructed on the site of the parking lot located at the SW corner of the existing facility, adjacent to Martin Luther King Jr. and Lloyd Boulevards. A new parking lot is planned to be constructed underground, beneath the new structure.

The expanded facility will have state of the art technology, including fiber optic capabilities, complete lighting controls, computer-controlled heating and air conditioning, and capacity for audio visual connections and telephone Internet. The exterior and landscaping will match the existing facility.

The finishes for the new parts of the building will be of the same quality and type as the original facility, including wall coverings, furniture, large atriums, and artwork. The "1% for Art Program," (a legal requirement that 1% of construction costs be dedicated to artwork) will apply to the new space. Selection of artwork will be handled through a competition similar to that utilized during construction of the existing facility. This program will integrate art into the design and construction process to enhance the lobby spaces, new VIP suite, and other new areas.

Currently, OCC can only handle one convention of 2500 to 3000 people. With expansion, OCC will be able to handle multiple conventions of 2500 to 3000 people at the same time; expanded events of clients who are now using the entire facility; and larger conventions of 3000-5000 people.

Community Involvement in the Project

There is broad community support for this project. The hospitality community, represented by the Tri-County Lodging Association and the Portland Oregon Visitors Association, took the lead, through its endorsement and active involvement in putting together and securing support for the layered funding package. Business leaders, the arts community, the City of Portland and Multnomah County lent their involvement and support to OCC completion. Initial formal endorsements of the project have been received by the following groups:

- Tri-County Lodging Association
- Portland Oregon Visitors Association (POVA)
- Oregon Tourism Commission
- Tourism Industry Council
- Oregon Association of Minority Entrepreneurs
- Oregon Society of Association Executives (OSAE)
- African American Chamber of Commerce

- Oregon Association of Convention & Visitor's Bureaus (OACVB)
- Hispanic Chamber of Commerce
- Urban League of Portland
- North/Northeast Business Association
- Albina Community Bank
- African American Legislative Roundtable
- NE Coalition of Neighborhoods Inc.
- Black Leadership Conference
- Northeast Economic Development Alliance
- City of Portland
- Multnomah County

Cost and Funding for the Project

The project will cost approximately \$97 million. Property taxpayers are being asked to authorize \$82,030,000 through a general obligation bond. Debt service on approximately \$10 million of those bonds will be backed by a ½% increase in the transient lodging tax levied by Multnomah County. The balance of the project will be financed by tax increment financing from the City of Portland, MERC/OCC funds, and investment earnings. If project costs are not exceeded, any remaining funds will be dedicated to capital construction and/or improvements related to the Oregon Convention Center.

The \$82,030,000 amount therefore includes obtaining approximately \$10 million in GO bond *authority* from the voters, to cover bonds which are actually intended to be repaid from the ½% increase in Multnomah County Transient Lodging Tax. Thus the voters will only be expected to pay for \$72,030,000 in bonds, even though they are asked to authorize the \$82,030,000 number.

The maximum annual cost to the taxpayer is estimated to be \$9.72 on a \$100,000 home.

A detailed outline of estimated sources and uses of funds is attached.

**Oregon Convention Center Completion Project
Estimated Sources and Uses of Funds**

Sources of Funds:

Bond Proceeds	\$ 82,030,000
(1) Investment Earnings	5,000,000
OCC/MERC Fund Balance	6,000,000
PDC Funding	5,000,000
Total sources of Funds	<u>\$ 98,030,000</u>

Uses of Funds:

(2) Construction and Related Costs	\$ 97,000,000
(3) Costs of Issuance	1,030,000
Total Uses of Funds	<u>\$ 98,030,000</u>

- (1) Assumes investment earnings averaging 5.35%
- (2) Includes \$5,000,000 in Furniture and Equipment
- (3) Includes underwriter's costs, administrative, legal, accounting, rating agency, planning, printing and miscellaneous expense.

STAFF REPORT

CONSIDERATION OF RESOLUTION No. 98-2609, REFERRING GENERAL OBLIGATION BONDS IN THE AMOUNT OF \$82,030,000 TO THE VOTERS TO COMPLETE THE OREGON CONVENTION CENTER

Date: February 3, 1998

Presented by: Mike Burton
 Executive Officer

 Mark B. Williams
 MERC General Manager

Background:

The Oregon Convention Center (OCC) is an international multi-purpose convention and trade show facility built and owned by Metro and operated on Metro's behalf by the Metropolitan Exposition- Recreation Commission (MERC) pursuant to Chapter 6 of the Metro Code.

The total cost for construction of Phase I, the existing facility, was \$90 million, and was partially financed by a \$65 million Metro regional general obligation bond. All of the land necessary to complete Phase II, the current proposed expansion, was purchased at that time. The current 500,000 square foot facility contains 150,000 square feet of column-free exhibition space; 30,000 square feet of breakout/meeting room space; a 25,000 square foot ballroom; 55,000 square feet of lobby and pre-function space; parking on site for 1,040 vehicles and kitchen facilities for serving up to 5,000 meals.

Since its opening in September 1990, OCC has exceeded all projections for attendance, financial success, and economic benefits generated in the region. Nearly 5 million people have attended OCC events, more than double original projections. The Center has generated more than \$2.2 billion in total economic activity in the Metro region, including more than \$107 million in tax revenue that helps to pay for police, education, and other social services. OCC has generated 5200 permanent jobs in the community.

OCC has been operating at practical capacity for three years and is turning away convention business. In addition, OCC is losing existing conventions that have outgrown the facility. OCC's competitors are expanding to take advantage of the projected unabated growth in the convention industry. Without completion, OCC will become the smallest convention center among the Western cities which it traditionally competes against, and will lose business that will further benefit the regional economy. Tax receipts generated by OCC will likely decline.

Staff Report

Metro Resolution No. 98-2609

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Initial plans to complete the original facility would add a total of 350,000 additional square feet, bringing total OCC square footage to 850,000. The present completion plans would add the following: 100,000-115,000 square feet of clear span exhibit space; a 35,000 square foot ballroom; 30-40 meeting rooms (30-35,000 square feet); 30-35,000 square feet of lobby/pre-function space; a parking garage under the new space on two levels; and 10 loading docks with an expanded courtyard for trucks. Some of these items may be replaced, deleted, or modified during the course of the project.

Currently, OCC can handle only one convention of 2500 to 3000 people. With expansion, OCC will be able to handle multiple conventions of 2500 to 3000 people at the same time; expanded events of clients who are now utilizing the full facility; and larger conventions of 3000-5000 people.

The expanded Center will generate an estimated additional \$170 million economic impact on the Metro region annually; growth in hotel/motel tax revenue that helps to pay for schools, police, fire and other social programs; an estimated 3400 new permanent jobs; and other indirect economic benefits for the Metro region. The project is part of the long term strategic plan established for the Center at its inception and reaffirmed in the OCC Business Plans.

Community Support for the Project

There is broad community support for this project. The hospitality community, represented by the Tri-County Lodging Association and the Portland Oregon Visitors Association, took the lead, through its endorsement and active involvement in putting together and securing support for the layered funding package. Business leaders, the arts community, the City of Portland and Multnomah County lent their involvement and support to OCC completion. Initial formal endorsements of the project have been received by the following groups:

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- Albina Community Bank
- African American Legislative Roundtable
- NE Coalition of Neighborhoods Inc.
- Black Leadership Conference
- Northeast Economic Development Alliance
- City of Portland
- Multnomah County

Cost and Funding for the Project:

The project will cost approximately \$97 million. Property taxpayers are being asked to authorize \$82,030,000 through a general obligation bond, approximately \$10 million of which will be backed by a ½% increase in the transient lodging tax levied by Multnomah County. The balance of the project will be financed by approximately \$5 million in tax increment financing from the City of Portland, approximately \$6 million in MERC/OCC funds, and approximately \$5 million in investment earnings. If project costs are not exceeded, any remaining funds will be dedicated to capital construction and/or improvements related to the Oregon Convention Center:

The \$82,030,000 amount therefore includes obtaining approximately \$10 million in GO bond *authority* from the voters, to cover bonds which are actually intended to be repaid from the ½% increase in Multnomah County Transient Lodging Tax. Thus the voters will only be expected to pay for \$72,030,000 in bonds, even though they are asked to authorize the \$82,030,000 number.

The maximum annual cost to the taxpayer is estimated to be \$9.72 on a \$100,000 home.

A detailed outline of estimated sources and uses of funds is attached.

Metropolitan Exposition-Recreation Commission Recommendation

Metro Code Section 6.01.040(a) directs the Metropolitan Exposition-Recreation Commission to advise the public owners of the MERC facilities on financial measures which may be necessary or desirable with respect to major capital projects.

On January 14, 1998, MERC passed No. 98-4, formally endorsing the Oregon Convention Center completion project, and requesting that the Metro Council refer this bond measure to the voters in the November 1998 general election.

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Executive Officer Recommendation

The Executive Officer recommends that the Council approve Resolution 98-2609.

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