

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 07-28

For the purpose of submitting to the Metro Council a proposal to fund the next phase of costs for the development of a 600-room, publically owned, privately operated Headquarters Hotel adjacent to the Oregon Convention Center with an investment of \$669,720 from the Metro Tourism Opportunity and Competitiveness Account (MTOCA).

WHEREAS, on May 20, 2004, the Metro Council passed Ordinance No. 04-1052, increasing the excise tax on solid waste by \$.50 per ton; and

WHEREAS, the proceeds from this tax are allocated to the Metro Tourism Opportunity and Competitiveness Account ("MTOCA"), to be used to maximize the competitiveness, financial viability, economic impact, and continued success of the Oregon Convention Center; and

WHEREAS, on October 7, 2004, the Metro Council passed Resolution No. 04-3494A, which adopted MTOCA Policy And Guidelines; and

WHEREAS, in Resolution No. 04-3494A, the Metro Council directed the MERC Commission to submit proposals for funding the goals and strategies listed in the adopted MTOCA Policy And Guidelines, with priority given to those under Goal Number 1, which includes Headquarters Hotel Related Investments; and

WHEREAS, the 2007-08 adopted budget includes a transfer of \$669,720 from Metro general fund MTOCA to the MERC Fund; and

WHEREAS, in Resolution No. 04-3494A, the Metro Council stated its desire that annual requests for appropriations from MTOCA be set out for discussion, consideration, and action in a manner separate and discrete from general budget process; and

WHEREAS, at its public meeting on October 24, 2007, the MERC Commission considered a recommendation from staff that the Oregon Convention Center make available resources to invest in the next phase of development costs for a Headquarters Hotel, pending Metro Council approval to proceed with the Headquarters Hotel development agreement with MTOCA funds included in the 2007-08 budget; and

WHEREAS, the MERC Commission desires to approve the expenditure of the previously appropriated \$669,720 from the MTOCA to invest in the next phase of development costs of a Headquarters Hotel, and

WHEREAS, approval of this project is contingent upon Metro Council action authorizing Metro's Chief Operating Officer (COO) to execute a Development Agreement with the developer, which Development Agreement shall provide that an initial \$600,000 be paid to the Project Developer, Architect, and Contractor for a "Feasibility Period" in which the Development Team will produce a preliminary Project budget estimate, an initial conceptual

design, a project schedule, and agreements with the Contractor and Hotel Operator; and after which Feasibility Period the Metro Council will have the opportunity to decide whether to further proceed with and fund additional Project development;

BE IT THEREFORE RESOLVED that the MERC Commission approves the expenditure of \$669,720 in MTOCA funds, previously budgeted during the general 2007-08 budget process, to fund the Feasibility Period costs associated with the development of a 600-room, publically owned, privately operated Headquarters Hotel adjacent to the Oregon Convention Center, with funds from the Metro Tourism Opportunity and Competitiveness Account (MTOCA).

Passed by the Commission on October 24, 2007

Approved as to Form:
Daniel B. Cooper, Metro Attorney

By: 
 Alison Kean Campbell
Senior Assistant Attorney


Chair- Janice Marquis


Secretary-Treasurer- Don Trotter

MERC Staff Report

Agenda Item/Issue: For the purpose of submitting to the Metro Council a proposal to fund the next phase of costs for the development of a 600- room, publically owned, privately operated Headquarters Hotel adjacent to the Oregon Convention Center with an investment of \$669,720 from the Metro Tourism Opportunity and Competitiveness Account (MTOCA). .

Resolution No.: 07-28

Presented By: Kathy Taylor

Date: October 24, 2007

Prepared By: Cynthia Hill

Background and Analysis: The Metro Council has approved a Policy and Guidelines for establishing a process and criteria for proposed investments from the Metro Tourism and Opportunity and Competitiveness Account. The MERC Budget Committee discussed the Goals and Strategies identified in the Policy and Guidelines and is recommending investment in:

Goal #1 Targeted Capital Investments in the Oregon Convention Center's physical plant that yield demonstrable marketing advantages,

- **Strategy C – Headquarters Hotel Related Investment**

Approval of this project is contingent upon Metro Council action authorizing Metro's Chief Operating Officer (COO) to execute a Development Agreement with the developer, which Development Agreement shall provide that an initial \$600,000 be paid to the Project Developer, Architect, and Contractor for a "Feasibility Period" in which the Development Team will produce a preliminary Project budget estimate, an initial conceptual design, a project schedule, and agreements with the Contractor and Hotel Operator; and after which Feasibility Period the Metro Council will have the opportunity to decide whether to further proceed with and fund additional Project development;

The \$669,720 appropriation is included in the 2007-08 Adopted Budget as "project to be determined". With the current year allocation, MTOCA has funded a total of \$2,498,184 in Projects at the Oregon Convention Center since 2004. Exhibit "A" is a recap of the MTOCA project funding and actual expenditures by project. The following chart is a summary of resources and uses by fiscal year.

<u>MTOCA</u>	<u>Resources</u>	<u>Uses</u>
2004-05 FY	504,000	28,642
Additional tax collections 2004-05 FY	36,143	
2005-06 FY	636,208	348,126
2006-07 FY	652,113	1,140,551
2007-08 FY	669,720	980,865
	<u>2,498,184</u>	<u>2,498,184</u>

Fiscal Impact:

The \$669,720 appropriation for MTOCA projects is included in the 2007-08 Adopted Budget.

Recommendation: Staff recommends that the Metropolitan Exposition-Recreation Commission adopt Resolution 07-28, approving the expenditure of \$669,720 in MTOCA funds, previously budgeted during the general 2007-08 budget process, to fund the Feasibility Period costs associated with the development of a 600-room, publically owned, privately operated Headquarters Hotel adjacent to the Oregon Convention Center, with funds from the Metro Tourism Opportunity and Competitiveness Account (MTOCA).

Metro Tourism Opportunity and Competitiveness Account
Oregon Convention Center

Exhibit "A"

	<u>Actuals</u> <u>2004-05</u>	<u>Actuals</u> <u>2005-06</u>	<u>Actuals</u> <u>2006-07</u>	<u>2007-08</u>	<u>Totals</u>
Resources					
Beginning Balance	-0-	475,358	127,232	311,145	n/a
Excise Tax from Metro 2004-05 FY	504,000				504,000
Excise Tax from Metro, adjust to actual collections 2004-05 FY			36,143		36,143
Excise Tax from Metro 2005-06 FY			636,208		636,208
Excise Tax from Metro 2006-07 FY			652,113		652,113
Excise Tax from Metro 2007-08 FY				669,720	669,720
Total Resources	504,000	475,358	1,451,696	980,865	2,498,184
Requirements					
Green Building LEED Certification (Goal 1 Strategy A)					
Retrofit existing building to meet LEED standards - Metro Ordinance 04-1064					
Rebuild chiller units and ventilation noise abatement	28,642	348,126	18,213	3,000	397,981
Replace Toilets/Urinals-Sloan uppercut flush valve			69,479		69,479
Variable Frequency Drives				129,148	129,148
Green Building LEED Certification			45,445	12,500	57,945
Subtotal Green Building LEED Certification	28,642	348,126	133,137	144,648	654,553
Audio Visual Control Room - original building (Goal 1 Strategy B)					
Replace analog system in original building due to failure and lack of replacement parts. - Metro Resolution 05-3613			1,007,414	97,401	1,104,815
Project Contingency			-	69,096	69,096
2007-08 MTOCA Project to be determined			-	669,720	669,720
Total Requirements	28,642	348,126	1,140,551	980,865	2,498,184
Ending Balance (Resources less Requirements)	475,358	127,232	311,145	-	-

MTOCA Goals

Goal 1 Targeted capital investments in the Oregon Convention Center's physical plant that yield demonstrable marketing
Strategy A -- Green Building LEED Certification
Strategy B -- OCC Operational Advantage
Strategy C -- Headquarters Hotel Related Investments

Goal Assist the Visitor Development Fund with Oregon Convention Center Facility Costs.
Strategy A -- Offset Facility Costs when VDI allocation not fully funded

Goal Maintain the Oregon Convention Center in First Class Condition
Strategy A -- Ensure sufficient funds for basic OCC cleaning, maintenance, and event service.