



arts. sports. conventions. shows.

June 3, 2005

The Honorable Tom Potter
Mayor of Portland
City Hall Building
1221 SW Fourth Avenue, Suite 340
Portland, OR 97204

Dear Mayor Potter,

On Thursday, May 26th, the Metropolitan Exposition Recreation Commission hosted a meeting of the key stakeholders to discuss our desire to champion a strong headquarter hotel development project. Representatives from the hotel industry, POVA, Metro, MERC and the Oregon Convention Center were in attendance. This letter details our recommendations and helps define the economic impact to the convention center, city and region.

Recommendations

- We suggest a minimum of a 400 room hotel as a first phase of a development that could ultimately contain 800 rooms as market conditions dictate.
- PDC will provide favorable terms on the land (valued at approximately \$12 million) and \$4 million in Tax Increment Financing (TIF). PDC should work closely with the selected developer on additional financing solutions or other non-subsidy financing options that are available to secure the success of this project.

Discussion

- The process to select a developer and negotiate the right hotel package must move forward as quickly as possible with a target opening date of December 2008.
- The developer should also work closely with MERC and the Oregon Convention Center on cost saving synergies such as shared parking, HVAC and meeting space.
- Attached are some of the specific economic impacts of the Oregon Convention Center and the hotel projects additional impact on the economy.

As supportive stakeholders, we understand that as Mayor, you have a long list of important projects and must lend focused support of limited public finances. We repeat what you know: This is a project of the utmost priority to our community. We are confident this approach along with partnerships from the private sector will yield a successful, right-sized hotel project that will benefit the city, region and state.

Sincerely,

Jeff Miller, MERC General Manager

Stakeholders:

Jeff Miller, MERC General Manager
Rod Park, Metro Councilor
Harold Pollin, Sheraton Portland Airport
Brad Hutton, Hilton Portland
Gordon Sondlund, Aspen Investments
Steve Faulstick, Doubletree Lloyd Center
Leonard Bergstein, Northwest Strategies
Scott West, Tri-County Lodging Association
Joe D'Alessandro, Portland Visitors Association
Brian McCartin, Portland Visitors Association
Don Trotter, Chair MERC Commission
Jeff Blosser, Oregon Convention Center
Reed Wagner, Metro

cc: Commissioner Sam Adams, City of Portland
Commissioner Randy Leonard, City of Portland
Commissioner Dan Saltzman, City of Portland
Commissioner Eric Sten, City of Portland
Commissioner Diane Linn, Multnomah County
Commissioner Serena Cruz, Multnomah County
Commissioner Lisa Naito, Multnomah County
Commissioner Lonnie Roberts, Multnomah County
Commissioner Maria Rojo de Steffey, Multnomah County
Metro Councilor President, David Bragdon
Councilor Rex Burkholder, Metro Council
Councilor Carl Hostika, Metro Council
Councilor Robert Liberty, Metro Council
Councilor Susan McClain, Metro Council
Councilor Brian Newman, Metro Council
Councilor Rod Park, Metro Council
Commissioner Matt Hennessee, PDC Development Commission
Commissioner Doug Blomgren, PDC Development Commission
Commissioner Eric Parsons, PDC Development Commission
Commissioner Bertha Ferran, PDC Development Commission
Commissioner Janice Wilson, PDC Development Commission
Commissioner Gale Castillo, MERC Commission
Commissioner Gary Conkling, MERC Commission
Commissioner George Forbes, MERC Commission
Commissioner Sheryl Manning, MERC Commission
Commissioner Janice Marquis, MERC Commission
Commissioner Ray Leary, MERC Commission
Commissioner Don Trotter, MERC Commission

Economic Impact of Oregon Convention Center

- **History 2004 – annually recurring (KPMG)**

Tri County	
Direct Spending	\$245,882,000
Indirect/Individual Spending	<u>\$174,974,000</u>
Total	\$420,856,000
Total direct/induced employment (number FTE jobs)	6,200
Total direct/induced earnings	\$187,211,000
Estimated annual tax revenue impact from OCC operations	
Includes personal/business income tax, excise tax (Metro), Lodging tax, Motor Vehicle Rental Tax (Multnomah County)	
For State of Oregon, Metro, Tri-Counties	\$15,921,000

- **Economic Impact of a 400 room hotel**

Potential new room nights annually into the market (SAG study):	116,740
Average spending per day (IACVB)	<u>\$381.00</u>
Total annual economic impact:	\$44,477,940
Approximate number of jobs supported each year (SAG study)	1,188
Estimated new county transient lodging tax	\$1,745,000

- **New jobs in hospitality/travel/retail** **1,000-1,200**

- OCC projects new conventions will create significant revenue to the OCC bottom line, while reducing the need for operating subsidy.

Approximate number of new conventions annually	8
Estimated revenue for OCC	\$800,000

- HQ Hotel is a catalyst for the Lloyd District Neighborhood re-development.

- **Note**

In 2004 OCC lost 30 conventions that would have been booked for future years according to a POVA report of actual business lost by groups considering Portland due to lack of HQ hotel.

Approximate number of lost room nights	239,600
Estimated economic loss	\$91,280,742