

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING A	)	RESOLUTION NO. 24-5438
WORK GROUP TO EVALUATE OPERATING	)	
MODEL OF P'5	)	Chief Operating Officer Marissa Madrigal in concurrence with Council President Lynn Peterson

WHEREAS, City-owned performing arts venues, including Antoinette Hatfield Hall (Brunish, Newmark, and Winningstad Theatres), the Arlene Schnitzer Concert Hall, and the Keller Auditorium, are managed by Portland's Centers for the Arts (Portland's) under the oversight of the Metropolitan Exposition Recreation Commission (MERC) through Intergovernmental Agreements (IGAs) with Metro; and

WHEREAS, the City of Portland entered into a Consolidation Agreement with Metro in 1989, last amended in 2013, to operate and maintain arts facilities owned by the City; and

WHEREAS, these and subsequent agreements were created to support regional tourism and the hospitality industry, and to maximize the economic benefits of cultural and spectator facilities for the Portland-Multnomah County area; and

WHEREAS, the City of Portland effective July 1, 1993, removed the Portland Memorial Coliseum complex (Veterans Memorial Coliseum) and around July 1, 2000, removed the Civic Stadium (Providence Park) facility from the Consolidation Agreement through amendments; and

WHEREAS, under the oversight of MERC, Portland's successfully managed facility closures related to the COVID pandemic, as well as secured \$10 million in Federal Shuttered Venue and other grants to bridge through a multi-year period with severe financial resource constraints; and

WHEREAS, a 2022 audit by Metro of the Portland's IGAs found issues, including governance structures were difficult to navigate, a need for a shared understanding between the IGA parties regarding the physical condition and maintenance of Portland's theaters, as well as an absence of a clear funding plan for maintenance, support for arts organizations, and diversity, equity, and inclusion efforts; and

WHEREAS, performing arts facilities are essential to the work of resident and featured arts organizations, including Broadway in Portland, Literary Arts, Metropolitan Youth Symphony, Oregon Ballet Theatre, Oregon Children's Theatre, Oregon Symphony, Portland Opera, Portland Youth Philharmonic, Stumptown Stages, White Bird Dance, as well as many non-profit and for-profit users of the facilities; and

WHEREAS, the U.S. Bureau of Economic Analysis reported that Oregon's arts and culture sector contributed \$8 billion to the state's economy in 2020, accounting for 3.3% of the state's GDP, 60,994 jobs, and total compensation of \$4.8 billion; and

WHEREAS, the 2023 report by Americans for the Arts, Arts & Economic Prosperity 6 (AEP6), found that Portland's arts and culture nonprofit organizations alone generated \$400 million in spending, representing nearly half of the state's nonprofit arts-related spending in 2022, and contributed \$72 million to local, state, and federal revenues in Multnomah County alone; and

WHEREAS, the fiscal year 2023 Economic Impact report from Crossroads Consulting, found that Portland's generated \$77 million in total spending, supported 520 full-time and part-time jobs, and contributed \$4.1 million in local and state taxes; and

WHEREAS, Portland City Council accepted Our Creative Future on May 22, 2024, charging the Office of Arts & Culture with implementing the tri-county framework to advance culture, creativity, and the arts within Clackamas, Multnomah, and Washington Counties; and

WHEREAS, the Office of Arts & Culture, formally established on July 1, 2024, began administering oversight of City-owned arts facilities and managing the City's General Operating Support (GOS) grant program, which provides unrestricted funding to resident and featured companies of the Portland's theaters, along with 70 additional arts and culture organizations; and

WHEREAS, on October 10, 2024, City Council adopted Resolution #37680, directing City staff to conduct a Market Feasibility Analysis as part of the Future of Keller project – assessing seating capacity, financial models, project timelines, and future operating model options for two Broadway-capable venues; and

WHEREAS, Oregon Governor Tina Kotek has prioritized arts and culture, and the Governor's Central City Task Force recommended that the City of Portland "Make downtown a worthy destination"; and

WHEREAS, the sustainability of publicly-owned arts facilities, along with the financial and institutional health of Portland's arts and culture organizations, is central to the broader economic vitality and livability of the Portland area and the State; and

WHEREAS, Portland's managed replacement of the Arlene Schnitzer Concert Hall Cooling Tower in fiscal year 2024 for \$3 million and is nearly complete with roof replacement of the Arlene Schnitzer Concert Hall for a forecast project cost of \$7 million, which have drawn down the Portland's available fund balance to an estimated \$3.1 million for fiscal year 2025; and

WHEREAS, Portland's expects to have a strong event calendar year 2025 across all venues; and

WHEREAS, increased operating and capital costs have required Portland's to raise both rental and staffing rates charged to resident, non-profit, and other theatre users and patrons, and

WHEREAS, Leaders from resident company and arts non-profits have been contacting city and Metro elected officials, as well as MERC commissioners, Metro, and city staff to inform the parties that the rate increases are unmanageable given the precarious financial conditions of their organizations.

WHEREAS, establishing a Performing Arts Venues Workgroup will provide an opportunity to review and recommend improvements to the operations, maintenance, and long-term planning of City-owned arts facilities, and ensure alignment with regional goals for arts, cultural enrichment, and economic development; and

WHEREAS, the Portland City Council and Metro Regional Council agree that Portland's arts and culture sector is key to local, regional and statewide economic recovery and revitalization goals.

NOW, THEREFORE, BE IT RESOLVED, that the Metro Chief Operating Officer is directed to work with the City of Portland's Deputy City Administrator of the Vibrant Communities Service Area to convene a Performing Arts Venue Workgroup, which will include staff from Metro and the City of

Portland, representatives from the regional arts and culture community, including users and visitors of City-owned arts facilities and labor partners; and

BE IT FURTHER RESOLVED, that this Workgroup will consider opportunities and challenges to operations, maintenance, and long-term planning to align management and operations with regional goals for economic development and cultural enrichment; and

BE IT FURTHER RESOLVED, that the Metro Chief Operating Officer is directed to present recommendations to MERC and the Metro Council by end of fiscal year 2025 to address short term opportunities and challenges; and

BE IT FURTHER RESOLVED, that the Metro Chief Operating Officer is directed to present recommendations to MERC and the Metro Council by end of fiscal year 2025 to address significant conditions that require renegotiating the IGA.

ADOPTED by the Metro Council this [insert date] day of [insert month] [insert year].



---

Lynn Peterson, Council President

Approved as to Form:



---

Carrie MacLaren, Metro Attorney

## PORTLAND METRO P'5 INTERGOVERNMENTAL AGREEMENT RE-NEGOTIATION

---

Date: October 21, 2024  
Department: Chief Operating Officer  
Meeting Date: October 24, 2024

Prepared by: Ramona Perrault, Policy  
Advisor  
Ramona.perrault@oregonmetro.gov  
Presenter(s): Craig Stroud, General  
Manager of Venues  
Length: 50 minutes

---

### ISSUE STATEMENT

Metro and the City of Portland are parties to an Intergovernmental Agreement (IGA) governing the management of regional performing arts venues located within city boundaries. Under the IGA, Metro's Portland'5 Centers for the Arts (Portland'5) manages City-owned performing arts facilities with oversight by the Metropolitan Exposition Recreation Commission (MERC).

Metro and the MERC have long acknowledged flaws in the existing (IGA). A 2022 report conducted by Metro's independent, elected Auditor found a lack of shared understanding between the IGA parties regarding the physical condition and maintenance of Portland'5 theaters, governance structures that were difficult to navigate, and no clear funding plan for maintenance, support for arts organizations, and or resources to support diversity, equity, and inclusion efforts.

### ACTION REQUESTED

This work session is an opportunity for Councilors to discuss operational challenges under the current IGA and provide direction to staff to finalize a resolution in coordination with the City of Portland to establish a workgroup to make recommendations for future IGA renegotiation.

### IDENTIFIED POLICY OUTCOMES

Metro advances regional access to arts, cultural enrichment, and economic development by ensuring regional facilities are well-maintained, efficiently operated, and accessible to local arts organizations. These goals are supported by adequate funding, long-term planning, and a shared commitment to diversity, equity, and inclusion.

### POLICY OPTIONS FOR COUNCIL TO CONSIDER

- Maintain the existing IGA between Metro and City of Portland

- Consider a resolution directing staff to form a workgroup with the City of Portland that will identify improvements to operations, maintenance, and long-term planning for City-owned facilities and issue recommendations to Metro Council as to whether to re-negotiate or terminate the IGA
- Immediately enter into re-negotiations, without the assistance of a workgroup
- Immediately notice intent to dissolve the existing IGA effective 18-months from date or notice, relinquishing Portland's management of the City-owned facilities, and transferring all operations to the City of Portland or another, mutually agreed upon third party

## **STAFF RECOMMENDATION**

Staff recommends Council consider the attached resolution, directing staff to form a workgroup in coordination with the City of Portland to: (i) review and recommend improvements to the operations, maintenance, and long-term planning of City-owned arts facilities; (ii) to ensure alignment with regional goals for arts, cultural enrichment, and economic development; and (iii) to make a recommendation to Metro Council by the end of fiscal year 2025 regarding re-negotiation or notice to terminate the IGA.

## **POLICY QUESTION(S)**

1. Does Metro Council support staff's recommendation to convene a workgroup charged with providing recommendations for improvements to the operational model, including whether to improve or terminate the existing IGA?
2. Who does Metro Council suggest participate in such a workgroup?
3. Does Metro Council have additional desired outcomes staff and the workgroup should advance?

## **STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION**

Stakeholders, including performing arts groups and the City of Portland, are eager to address challenges in the operating model for P'5, which staff anticipates will require changes to the IGA. On October 30, the Portland Commission will consider its own resolution similar to the attached draft resolution, in line with staff's recommendation to convene a workgroup. There is no known opposition.

## **ATTACHMENTS**

Draft resolution

[For work session:]

- Is legislation required for Council action? ☒ Yes   ☐ No
- If yes, is draft legislation attached? ☒ Yes   ☐ No
- What other materials are you presenting today? PowerPoint presentation