IN CONSIDERATION OF RESOLUTION NO. 25-5538, FOR THE PURPOSE OF TERMINATING THE INTERGOVERNMENTAL AGREEMENT BETWEEN METRO AND THE CITY OF PORTLAND UNDER WHICH METRO MANAGES THE PORTLAND'5 CENTERS FOR THE ARTS

Date: Monday, November 3, 2025

Department: Portland'5 Centers for the Arts

Meeting Date: Thursday, November 20, 2025

Prepared by: Rachael Lembo, interim Executive Director Portland'5

Presenters: Rachael Lembo, interim Executive Director Portland'5, and Craig Stroud, General Manager of Visitor Venues

Length: 30 minutes

ISSUE STATEMENT

The Portland'5 Centers for the Arts (Portland'5) venues are beloved cultural destinations in the heart of downtown, attracting over 800,000 attendees a year to a variety of events, providing stages for local arts groups to perform, and generating more than $90 million of economic contributions for the region.

The Portland'5 venues include Antoinette Hatfield Hall (housing the Brunish, Newmark, and Winningstad Theatres), Arlene Schnitzer Concert Hall, and Keller Auditorium. The venues are owned by the City of Portland and have been operated by Metro since 1989 under an intergovernmental agreement with the City (Portland'5 IGA).

In October 2024, a Performing Arts Venue Workgroup was convened by Metro and the City of Portland to evaluate management of the Portland'5 venues. The Workgroup issued recommendations in June 2025 that included dissolution of the Portland'5 IGA and for the City to work with stakeholders to continue assessing options to identify a new long-term operating model(s).

At the July 15, 2025, Council work session, staff provided an update on the Venue Workgroup recommendations and Council policy options. Council directed staff to coordinate with the City of Portland on a mutually agreeable plan and date to transition operations back to the city, and to consider unilateral termination if coordination with the City does not progress timely. The Portland'5 IGA states that if notice to terminate is given by Metro, the termination will be effective 18 months after the notice date.

Metro and the City of Portland are negotiating a Termination Agreement to end the Portland'5 IGA and outline the terms and timeline for transferring Portland'5 operations.

ACTION REQUESTED

Direct staff to proceed with termination of the Portland'5 IGA through one of two possible methods:

- Termination by mutual agreement: Delegate authority to the Metro Chief Operating Officer to execute a mutually agreed upon Termination Agreement, with or without a deadline for Metro and the City to finalize the agreement.
- Unilateral Termination: Issue notice of unilateral termination of the Portland'5 IGA to the City of Portland, effective 18 months after the notice date.

IDENTIFIED POLICY OUTCOMES

Metro's venue management portfolio is part of the Resilient Economy strategic target, and includes Portland'5 Centers for the Arts, the Oregon Convention Center, Portland Expo Center, and the Oregon Zoo. The individual and aggregate contributions of each venue to the region's economy is powerful and significant. Combined, the venues hosted over 1,100 events/performances in fiscal year 2024, attracted more than 2.8 million guests, and offered a wide range of experiences for visitors and residents – contributing to the quality of life for the region and beyond.

After termination of the Portland'5 IGA, Metro will continue to operate three significant regional visitor venues: the Oregon Convention Center, Portland Expo Center, and the Oregon Zoo. Termination of the Portland'5 IGA will not impact Metro's role with the City of Portland and Multnomah County as it relates to the Visitor Development Fund and the Visitor Facilities Intergovernmental Agreement (VFIGA). The Oregon Convention Center and Portland Expo Center will continue to receive funding from lodging and motor vehicle taxes collected and distributed through the VFIGA.

Metro's role in regional arts extends beyond Portland'5, and includes the Community Placemaking program, the GLEAN art show, public art at multiple properties, and arts-focused events at the Oregon Convention Center and Portland Expo Center. Metro's recently established Future Vision Committee will consider what role regional arts plays in Metro's long-term visionary outlook.

POLICY QUESTION(S)

- Does Metro Council support the termination of the Portland'5 IGA via either mutual or unilateral termination?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Council can direct staff to:

- Delegate authority to the Metro Chief Operating Officer to execute a mutually agreed upon Termination Agreement with the City of Portland, with or without a deadline for Metro and the City to finalize the agreement.
- Issue notice of unilateral termination of the Portland'5 IGA to the City of Portland, effective eighteen months after the date of the notice.
- Open negotiations on a new agreement with the City of Portland.
- Conduct further analysis.
- Take no action at this time.

STAFF RECOMMENDATIONS

Staff recommend Council direct and delegate authority to the Metro Chief Operating Officer to execute a mutually agreed upon Termination Agreement, including the terms and timeline for transferring Portland'5 operations, with the City of Portland by December 30, 2025. If the Termination Agreement is not executed by that date, staff recommend Council direct via this resolution Metro's notice to the City of Portland of unilateral termination of the Portland'5 IGA on December 31, 2025, with termination effective on June 30, 2027.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

In 1989 Metro and the City of Portland entered into a Consolidation Agreement to operate and maintain facilities owned by the City. The agreement was 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. In 1993 the City of Portland removed the Portland Memorial Coliseum complex (Veterans Memorial Coliseum) and in 2000 removed the Civic Stadium (Providence Park) facility from the Consolidation Agreement through amendments.

A 2011 audit by the City of Portland noted the outsourced management of Portland'5 (then Portland Center for the Performing Arts) was good for the City because buildings were well managed, and the City had transferred significant financial responsibility and risk. The audit also noted that the majority of recent capital improvements were accomplished without City funding, using monies from Portland'5 reserves and the Portland'5 Foundation.

A 2022 audit by Metro of the Portland'5 IGAs found issues, including governance structures that were difficult to navigate, a need for a shared understanding between the IGA parties regarding the physical condition and maintenance of Portland'5 theaters, as well as an absence of a clear funding plan for maintenance, support for arts organizations, and diversity, equity, and inclusion efforts.

Under the oversight of the Metropolitan Exposition Recreation Commission (MERC), Portland'5 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. In the FY25-26 budget, faced with lagging attendance and increased cost pressures, Portland'5 reduced its budget by $2.3 million, including the lay-off or elimination of 12 full-time positions, 17% of full-time staff.

Portland'5 has managed critical capital projects, most recently replacement of the Arlene Schnitzer Concert Hall Cooling Tower in fiscal year 2024 for $3 million and roof replacement of the Arlene Schnitzer Concert Hall for $6.1 million in fiscal year 2026. Capital projects are primarily funded by reserves generated by operating surpluses in pre-pandemic years. Recent projects have drawn down the Portland'5 available fund balance to $5.0 million as of June 30, 2025.

The fiscal year 2024 Economic Impact report from Crossroads Consulting found that Portland'5 generated $91.3 million in total spending, supported 590 full-time and part-time jobs, and contributed $4.8 million in local and state taxes. 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.

BACKGROUND

On October 31, 2024, Portland City Council unanimously adopted Resolution #37684 and Metro Council unanimously adopted Resolution No. 24-5438 to establish a Performing Arts Venues Workgroup to evaluate management of Portland'5 arts facilities.

The Workgroup was tasked with evaluating the operations, maintenance, and long-term planning of City-owned Metro-operating Portland'5 Centers for the Arts venues: Antoinette Hatfield Hall (housing the Brunish, Newmark, and Winningstad Theatres), Arlene Schnitzer Concert Hall, and Keller Auditorium. The Workgroup was asked to examine operational challenges and opportunities, with a focus on aligning management and operations with regional economic and cultural goals, and to explore alternative operating models.

The Workgroup selection process included targeted recruitment to arts organizations and key stakeholders and an open application process. The 19 Workgroup members were selected by a committee and had a breadth of experience in relevant areas including arts & culture, venue management, business, finance, labor, development, and government. They also represented small, medium, and large arts organizations as well as local, regional, and national perspectives.

As part of the evaluation process, the Workgroup delved into Portland'5's current operational and management realities; the myriad needs and wants of users, including patrons, local arts groups, commercial artists, union-represented employees, and the broader community; the current state of performing arts centers nationally; and alternative operating models.

During their time together the Workgroup explored a number of complex issues. Their recommendations identified several management options, along with tensions inherent to them, and a set of values and guiding principles by which to evaluate the models in subsequent processes.

The Workgroup recommended the City of Portland be the single entity responsible for continuing this work – leading the future investigation, analysis, and public engagement. The current two-government model, with the City owning the theatres and Metro managing them, is not recommended by the Workgroup. The Workgroup recommended that the City and Metro begin preparing a plan for dissolution of the Portland'5 IGA while the City works with stakeholders to continue assessing options to identify a new long-term operating model(s).

The Workgroup reached consensus that the backlog of deferred maintenance and necessary building modernization upgrades and replacements impedes Portland'5's ability to operate efficiently and effectively. They recommended capital planning begin immediately – including facility condition assessments and identification of capital funding sources – and they emphasized that capital projects should not be funded by operating revenues, as is the current practice.

The Workgroup also made recommendations for improvements within the existing model, including increasing revenues through expanded bookings and enhanced food and beverage offerings, more engagement and coordination with local arts groups, and updates to booking policies.

ATTACHMENTS
None

- Is legislation required for Council action? Yes
- If yes, is draft legislation attached? Yes
- What other materials are you presenting today? Powerpoint presentation