

COUNCIL DIRECTION ON PERFORMING ARTS VENUES WORKGROUP RECOMMENDATIONS

Date: July 8, 2025
Department: Portland's Centers for the Arts
Meeting Date: July 15, 2025

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Presenters: Rachael Lembo, interim
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Venues
Length: 45 minutes

ISSUE STATEMENT

The Portland's Centers for the Arts 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.

Over the last six months, the City of Portland and Metro have convened a group of stakeholders to evaluate the operations, maintenance, and long-term planning of the City-owned Metro-operated Portland's Centers for the Arts venues (Portland's). The City and Metro tasked the Workgroup with developing short- and long-term recommendations to improve the venues' operations, governance, and alignment with regional economic and cultural goals. As part of the evaluation process, the Workgroup delved into Portland'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 list 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 recommends 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 recommends that the City and Metro begin preparing a plan for dissolution of the intergovernmental agreement 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's ability

to operate efficiently and effectively. They recommend capital planning begin immediately – including facility condition assessments and identification of capital funding sources – and they emphasize 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.

ACTION REQUESTED

The Portland's venues are currently managed by Metro through an intergovernmental agreement with the City of Portland. This work session is an opportunity for Councilors to discuss the recommendations made by the Workgroup and provide direction to staff on implementation of the recommendation regarding the intergovernmental agreement.

IDENTIFIED POLICY OUTCOMES

Metro's venue management portfolio is part of the Resilient Economy strategic target, and includes Portland's Centers for the Arts, the Oregon Convention Center, Portland Expo Center, and the Oregon Zoo. The individual and aggregate contributions each venue makes towards the region's economy is powerful and significant. Combined, the venues hosted over 1,100 events/performances in fiscal year 2024 that 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.

If Council directs a change in management of the Portland's venues, Metro will continue to operate three significant regional visitor venues, including the Oregon Convention Center, Portland Expo Center, and the Oregon Zoo. Changes to the Portland's operating 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 hotel and motor vehicle taxes collected and distributed through the VFIGA.

Metro's role in regional arts extends beyond Portland's, 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. The recently formed Future Vision Commission may also consider what role regional arts plays in Metro's long-term visionary outlook.

POLICY QUESTION(S)

- Does Metro Council support the Workgroup recommendation to dissolve the intergovernmental agreement and create a transition plan to move Portland's operations from Metro back to the City of Portland?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

The Workgroup recommends that the City and Metro begin preparing a plan for dissolution of the intergovernmental agreement. Council can direct staff to:

- Coordinate with the City of Portland on a mutually agreeable plan and date to transition operations back to the City of Portland.
- Prepare a resolution to unilaterally terminate the agreement. The agreement states that if the notice to terminate is given by Metro, the termination will be 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

Metro and City of Portland staff agree with the Workgroup recommendations. They address questions the Workgroup was asked to explore, and are responsive to considerations raised by staff, clients, and other Portland's stakeholders. Metro staff recommend coordinating with the City of Portland on a comprehensive transition plan that will allow a smooth changeover with minimal disruption to events and staff.

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's (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 done without City funding, using monies from Portland's reserves and the Portland's Foundation.

A 2022 audit by Metro of the Portland's 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's 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'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. In the FY25-26 budget, faced with lagging attendance and increased cost pressures, Portland's reduced its budget by \$2.3 million, including 12 full-time positions, 17% of full-time staff.

Portland's 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 a forecasted project cost of \$7 million to be completed 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's available fund balance to an estimated \$3.5 million for fiscal year 2025.

The fiscal year 2024 Economic Impact report from Crossroads Consulting found that Portland's 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's arts facilities.

The Workgroup was tasked with evaluating the operations, maintenance, and long-term planning of City-owned Metro-operating Portland's 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.

ATTACHMENTS

None