

IN CONSIDERATION OF RESOLUTION NO. 22-5254, FOR THE PURPOSE OF
ADOPTING COMMUNITY-DEVELOPED GUIDING PRINCIPLES FOR THE PORTLAND
EXPO CENTER DEVELOPMENT OPPORTUNITY STUDY

Date: April 18, 2022
Department: COO's Office
Meeting Date: May 5, 2022

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Length: 20 mins

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ISSUE STATEMENT

In 2019 Metro Council directed a study to assess the long term capital financial challenges of the Portland Expo Center. In completing that study, staff engaged with key stakeholders and partners, including communities with historic and cultural ties and business interests. These include the Black, Indigenous and Japanese American communities, as well as Expo clients and business stakeholders in order to develop project Guiding Principles.

ACTION REQUESTED

Metro Council adopt Resolution 22-5254 for the purpose of adopting the community-developed Guiding Principles for the Portland Expo Center Development Opportunity Study.

IDENTIFIED POLICY OUTCOMES

The primary policy outcome to achieve is honoring the values, desires, histories and input of community members and Tribal partners over the past several years in adopting principles that will guide the Development Opportunity Study Request for Expressions of Interest. Additionally, adoption of these Guiding Principles ensures that Metro Council and MERC are emphasizing identical values in implementing the Development Opportunity Study.

POLICY QUESTION(S)

Should Metro Council adopt the community-developed Guiding Principles by resolution?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Metro Council could

- a) Adopt the Guiding Principles as presented. The benefits of this action are that they are identical to the Guiding Principles developed through community engagement described in this staff report and adopted by MERC on April 6, 2022.
- b) Adopt the Guiding Principles with changes. If Council takes this action, staff recommends returning to MERC with a request that they consider the altered Guiding Principles.

- c) Direct staff to reengage with community members and seek additional input. As in option B, if Council takes this action, staff recommends returning to MERC with a request that they consider the altered Guiding Principles.

STAFF RECOMMENDATIONS

Staff recommends that the Metro Council adopt Resolution 22-5254 for the purpose of adopting the community-developed Guiding Principles for the Portland Expo Center Development Opportunity Study.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

This project supports Council’s direction in finding the highest and best public use and long term financial sustainability of Expo. The project initially began as an internal assessment of potential “Expo Futures” consistent with community and Tribal partner generated Guiding Principles. In spring 2021, Metro Council directed, and MERC affirmed, two changes in direction:

1. That staff remove any potential futures at this time that rely on “sell and invest” strategies and instead focus on “hold” and partner strategies; and
2. That staff seek external submittals (e.g.—proposals or ideas) that would be consistent with Expo’s location, assets, needs, opportunities and the community-developed Guiding Principles.

In May 2021, Metro Council and MERC Commissioners held a joint meeting to discuss specific parameters of seeking external submittals and to provide additional direction to staff. Consultation from OMA and Metro’s Procurement team resulted in the development of a Request for Expressions of Interest (RFEI) process to help ensure that Metro receives submissions from local or community based interests as well as regional or national potential partners.

While these 2021 changes adjusted project scope, the **goal of this project has not changed. It remains a collaborative process focused on developing potential futures for the Expo Center site that seek to maximize community benefit, ensure long term financial sustainability, and honor the historical and cultural legacy of the site and surrounding area.**

At the conclusion of this process, Metro leadership will be provided with proposals from potential future partners that allows them to make informed assessments of the potential to shape the future of the Expo Center site in service of these Guiding Principles.

Staff and consultants have completed extensive community and Tribal Partner outreach and have established a Community Review Committee to evaluate each potential submittal with compliance with the Guiding Principles.

Members of the Community Review Committee include:

- Ed Washington, former Metro Council member, Community Liaison for Diversity Initiatives & Inclusion for PSU
- Lynn Fuchigami-Parks, Former Executive Director, Japanese American Museum of Oregon
- Paul Lumley, Executive Director NAYA
- Terrance Moses, Kenton Neighborhood Association Chair
- Tony DeFalco, Executive Director, Latino Network
- David Van't Hof, Senior Fellow, Climate Solutions
- Stephen Green, Entrepreneur, Founder Pitch Black and COO, A Kids Company About

Additionally, beyond compliance with the Guiding Principles, submissions will be reviewed by an internal staff team, a financial and economic review committee, and local and state government partners.

Adoption of this resolution has no fiscal impact to Expo or the Visitor Venues.

BACKGROUND

The Portland Expo Center (Expo) attracts nearly 500,000 visitors a year to 100+ public trade shows and community events like home and garden, automotive, RV, antique, outdoor shows and concerts. Over the past five years it has generated an average of approximately \$50 million in economic impact annually. Expo has 330,000 square feet of exhibit space in five exhibit halls on the 53-acre campus. That said, Halls A, B, and C celebrated their 100 year anniversary this year, and Halls D and E are 25 and 21 years old respectively.

Expo pays for its debt service out of operating revenues. While the team has been able to support this financial structure for some time, without significant investment in building replacement, long term prospects under the present business model do not appear favorable. Recognizing that Expo has significant capital needs, notably Halls A, B, and C, and no identified funding source to meet these needs over time, Metro commissioned a study from Hunden Strategic Partners in 2014.

The study included an analysis of Expo governance and operations, a local competitive market analysis, and the possible impact of a local new Headquarters Hotel. The scope of work also included an analysis of the existing physical conditions.

When considering a 30-year time horizon, the study recommended that the best return on investment was to raze Halls A, B and C and replace them with slightly smaller, more efficient and higher quality buildings. In addition, the study recommended adding a flexible ballroom and more breakout meeting rooms. At the time of the report, the estimated needed investment was approximately \$63 million.

Following a presentation of findings by the Hunden Strategic Partners, a recommendation was made by the GM of Visitor Venues and CFO of Metro to explore other options as no source of funding was available or foreseen at the time of the presentation. During the period 2016-2019 a variety of potential options to increase and diversify revenue streams, including long-term tenancies and flexible outdoor space, were studied.

At the direction of Metro Council, the Portland Expo Center Development Opportunity Study (DOS) was launched in 2019 to assess the value and opportunities for the greatest public benefit of the 53-acre property and venue. The DOS will identify development options that could complement, support or replace the current operations at Expo. Any potential future for Expo needs to be financially sustainable. Since the DOS began, COVID-19 has significantly added to Expo's financial challenges as well as for many of our visitor venues.

While the COVID-19 pandemic brought uncertainty and disruption, Metro has prioritized the continuation of this project. The goal of this project has not changed, and remains a collaborative process focused on assessing potential futures for Expo.

The Development Opportunity Study and the Request for Expressions of Interest is guided by a 5-member Steering Committee consisting of Deputy Council President Christine Lewis, Commissioner Deidra Krys-Rusoff, Commissioner Damien Hall, DCOO Andrew Scott, and Expo Director Matthew Rotchford.

Many communities as well as partners in the greater Portland area and our region have unique and important historical and cultural ties to Expo and the land it is built upon. The nearby Vanport Floods and WWII Internment at the Portland Assembly Center have had lasting impacts on the Black, Indigenous and Japanese American communities. Metro and Expo recognize the past events and injustices that took place on or near the Expo property. Expo works with Vanport Mosaic and the Nikkei Legacy Center to ensure these occurrences are never forgotten.

Throughout the process, Metro has been engaging with key stakeholders and partners, including communities with historic and cultural ties and business interests. These include the Black, Indigenous and Japanese American communities, several Tribes, as well as Expo clients and business stakeholders in order to refine the project guiding principles.

The outcome of this stakeholder and partner engagement is the Guiding Principles, which we are asking you to adopt by resolution. Each potential future will be evaluated based on this community-driven, collaboratively crafted framework. Opportunities for input will continue during the Request for Expressions of Interest submission process, with a survey and public meeting and meetings requested by Tribal governments.

Additionally, to have a more complete picture of the benefits Expo consumer shows provide to our region, at the request of MERC Commissioners, Metro COO's office is funding an additional study to estimate the "downstream" economic benefits that accrue to

businesses, with particular focus on minority or emerging small businesses, which sell products or services at Expo.

ATTACHMENT

Community-developed Guiding Principles