

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 19-4972, FOR THE PURPOSE OF APPROVING AN AMENDMENT TO THE VISITOR FACILITIES INTERGOVERNMENTAL AGREEMENT

Date: March 5, 2019
Department: Government Affairs and
Policy Development
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ISSUE STATEMENT

In 2001, the City of Portland, Multnomah County and Metro partnered with the tourism industry to establish the Visitor Facilities Trust Account (VFTA) through a Visitor Facilities Intergovernmental Agreement (VF IGA). Top priorities for investment by the VFTA have included capital improvement bonds for the expansion of the Oregon Convention Center (OCC) and improvements at Portland's Centers for the Arts (P's) facilities, as well as annual operating support for OCC and P's. The VF IGA was amended in 2013 to establish additional priorities, including supporting transient lodging tax-backed revenue bonds to fund the public contribution toward the construction of the Hyatt Regency Portland at the Oregon Convention Center Hotel.

Through a Letter of Agreement (LOA) dated December 21, 2018 (Exhibit B), the Metro Council President, City of Portland Mayor, and Multnomah County Chair agreed to complete a limited amendment to the 2013 VF IGA to create a one-time \$2,000,000 allocation to the Portland's Centers for the Arts (P's) for the acoustical shell replacement project. Through the LOA, this commitment of a public contribution to the project prior to December 31, 2018, enabled P's to secure an additional \$3,000,000 in private contributions for the project.

ACTION REQUESTED

Resolution 19-4972 authorizes the Metro Chief Operating Officer (COO) to approve an amendment (Exhibit A) to the Visitor Facilities IGA to allow a one-time allocation of \$2 million to help fund the acoustical shell replacement project at the Arlene Schnitzer Concert Hall. This allocation is contingent upon a construction contract being approved by June 1, 2019.

IDENTIFIED POLICY OUTCOMES

Authorizes a one-time allocation of \$2 million to the Portland's Centers for the Arts to help fund the replacement of the obsolete acoustical shell in the Arlene Schnitzer Concert Hall, which secures a \$3million commitment of private funds.

STAFF RECOMMENDATIONS

The Chief Operating Officer recommends adoption of the resolution.

STRATEGIC CONTEXT & FRAMING

Known Opposition: There is no known opposition.

Legal Antecedents: Section 6 of Metro's Charter provides authority to acquire, develop, operate, and maintain public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities.

The City of Portland, Multnomah County, and Metro entered into the VF IGA on January 31, 2001 and the "Amended and Restated Visitor Facilities Intergovernmental Agreement" (2013 VF IGA) on October 25, 2013.

Anticipated Effects: (see Identified Policy Outcomes, above)

Financial Implications: Allocates \$2 million from the VFTA. In fiscal year 2018, the Trust Account had a Restricted Reserve fund balance of \$10 million and a Bond Redemption Reserve balance of \$11.7 million.

BACKGROUND

Funded through a combination of a 2.5 percent vehicle rental tax and a 2.5 percent transient lodging tax, the VF IGA has financed tourism facilities and programs that help attract visitors to the region and generate tourism spending in the area. Tourism spending as a share of the local economy has grown substantially since 2001. In 2017 alone, tourists spent an estimated \$5.1 billion in the region, supporting more than 35,000 tourism jobs in the region. Through the VF IGA, the three local governments have agreed to use tourism taxes to fund capital improvement bonds for the expansion of the OCC, improvements at P's facilities, and the early 2000's expansion of the Civic Stadium (now Providence Park). The VFTA has also funded OCC and P's operations, convention and tourism marketing, and convention visitor transit passes. The VF IGA also called for the creation of the Visitor Development Fund Inc. (VDFI). The VDFI Board is a public/private board comprised of elected officials from Metro, the County, and City, along with representatives from the hospitality industry. Its purpose is to direct the use of certain allocations established by the VF IGA.

In 2013, the City of Portland, Multnomah County and Metro, working in partnership with Travel Portland, amended the VF IGA to include additional priorities. The primary driver for the 2013 update was the addition of a revenue bond to finance the public contribution toward the construction of the Hyatt Regency Portland at the Oregon Convention Center Hotel. Through a public-private partnership with Mortensen Development and Hyatt Hotels, Metro has issued revenue bonds, to be repaid by the VFTA, to match more than \$150 million in private funding to build the long-anticipated "headquarters" hotel. The OCC controls a block of 500 rooms for booking future conventions. Construction is underway with an anticipated completion of late 2019, and new convention groups are already being booked for the months after the hotel opens.

In February of 2018, the Multnomah County Chair, the Mayor of Portland, and Metro Council President directed staff to work in collaboration with Travel Portland to develop updates the 2013 VF IGA. Key priorities to guide the process of drafting amendments were outlined in a May, 2018, Letter of Agreement. When discussions on a comprehensive amendment did not reach a conclusion in 2018, the Metro Council President, City of Portland Mayor, and Multnomah County Chair agreed to complete a limited amendment to the 2013 VF IGA to create a one-time \$2,000,000 allocation to the Portland's Centers for the Arts (P's) for the acoustical shell replacement project. Through a Letter of Agreement

(Exhibit B), dated December 21, 2018, this commitment of a public contribution to the project enabled P'5 to secure \$3,000,000 in private contributions.

ATTACHMENTS

Resolution 19-4972

Exhibit A -- VF IGA amendment

Exhibit B -- Letter of Agreement