

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: November 19, 2019

LENGTH: 30 minutes

PRESENTATION TITLE: Proposed 2019 Amendments to the Visitor Facilities Intergovernmental Agreement (VF IGA)

DEPARTMENT: Government Affairs and Policy Development

PRESENTER(S): Andy Shaw, 503-797-1769

WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: Review proposed amendments to the VFIGA, which governs how Transient Lodging Taxes (TLT) and Vehicle Rental Taxes (VRT) are used to support tourism facilities, ongoing tourism promotion programs, and community livability and safety.
- Outcome: Council understands the proposed amendments, funding priorities, and governance structure for the VF IGA.

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

Since 2001, the VF IGA has provided funding for key regional tourism facilities, including the expansion of the Oregon Convention Center (OCC), ongoing operating support for the OCC and for P'5 facilities, and funding for tourism promotion and marketing programs. A portion of funds are distributed to the Visitor Development Fund (VDF), which is governed by a board including representatives from the City of Portland, Multnomah County, Metro, the travel industry, and Travel Portland. The VDF has proved a successful public-private partnership, leveraging VF IGA funds to support facilities and programs that attract convention groups to Portland, and bringing a significant return on investment in local tourism spending.

In 2013, the City, County and Metro amended the VF IGA to add a hotel-tax-backed revenue bond to fund the public portion of the development of the Oregon Convention Center Hotel. The 2013 update also established new funding priorities for both the City and County.

In February of 2018, the Metro Council President, the Mayor of Portland, and the Multnomah County Chair directed their respective staff to work together and with leaders in the tourism industry to develop an update to the VF IGA for consideration in 2018. In May of 2018, the Chair, Mayor, and President signed a Letter of Agreement that outlined four priorities to guide this process:

- **Resilient reserves:** “to create and maintain appropriately sized reserves that protect the VFTA during periods of stress and allow for strategic use of excess funds that accumulate during period of higher growth”
- **Adequate Visitor Development Fund:** to keep pace with growth in the tourism industry, “enhance Portland’s competitive position and assure a nimble response to strategic opportunities”

- **Healthy Facilities:** to “strategically allocate VF IGA funds to enhance the existing facilities keeping them vital and competitive and providing the necessary infrastructure for a robust travel industry”
- **Community Livability and Safety:** to make “investments (that) will improve conditions for the community and people experiencing homelessness, improve the visitor experience, and help Portland remain a desirable destination”

City, County and Metro staff and representatives from Travel Portland, representing the tourism industry, met throughout 2018 to develop an updated VF IGA agreement. In December 2018, the Metro Council approved an updated VF IGA, however the City and County did not follow suit, after Multnomah County expressed concerns about key provisions. City, County and Metro staff continued to meet throughout 2019 to work towards an agreement that would address the County’s outstanding concerns and meet the four shared priorities of the parties expressed in 2018. In September 2019, the County approved a revised VF IGA based on an agreement on the terms reached in September.

Staff will present the contents of that agreement at work session.

QUESTIONS FOR COUNCIL CONSIDERATION

- Does Council have any questions of staff regarding the proposed 2019 amendments to the VF IGA?

PACKET MATERIALS

- Would legislation be required for Council action ☒ Yes ☐ No
- If yes, is draft legislation attached? ☐ Yes ☒ No
- What other materials are you presenting today? A summary of the VFIGA changes, the proposed VF IGA amendments and an updated diagram of the “bucket system” will be presented to the Council.