

## METRO 2021 LEGISLATIVE ISSUE IDENTIFICATION

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**Date:** October 27, 2020

### **ISSUE: Pandemic relief funding for visitor venues**

**BACKGROUND:** As one of its major services, Metro owns and/or operates four large visitor venues: the Oregon Convention Center, Oregon Zoo, Portland Expo Center and Portland's Centers for the Arts. Each of these venues has a different mission, purpose, target audience and business model, and each contributes to culture and community in different ways, but all generate significant economic activity for the region and the state, much of it from outside Oregon. This economic activity, in turn, generates substantial state and local tax revenues.

Last year the venues accounted for about \$877 million in direct and indirect spending and more than 8,000 jobs, and generated nearly \$28 million in state and local tax revenues, more than half of that consisting of state lodging and income taxes.

The current pandemic and the resulting closure of the venues eliminated virtually their entire revenue stream, led to layoffs of 700 staff members representing about three-quarters of their total workforce, and curtailed the economic benefits they provide to the community as well as the flow of tax revenues they generate to support state and local services. OCC, Expo and P's all remain essentially closed, but continue to sustain costs of facility maintenance and administration (including managing existing and potential bookings amid uncertainty about the ability to host large gatherings in the future). While the Zoo has reopened on a limited basis, many of its revenue streams (e.g., concerts, camps, catering) remain shut down and revenues are not enough to cover the ongoing costs of animal care and facility operation. Despite many years of prudent financial management, the reserve fund for each of the venues is insufficient to address a crisis of this length and severity.

The federal Coronavirus Relief Fund (CRF) allocated more than \$1 billion to Oregon, including more than \$200 million directly to Multnomah and Washington counties and the City of Portland. Metro did not receive a direct allocation, and restrictions on the use of CRF dollars – including prohibitions against covering previously budgeted costs or replacing lost revenues – meant that Metro was eligible to receive very little of this money. The venues did receive \$4.1 million from the state's share of these funds as part of a larger package that supported venues statewide; those dollars were limited to recovering out-of-pocket costs for unemployment compensation, protective equipment, etc., and represent a small fraction of the venues' shortfall for 2020. (Portland, which owns P's, also provided \$1.6 million from its direct allocation.) Given the state's own financial distress – exacerbated by the September wildfires – the likeliest source of future relief is additional federal legislation that has not yet passed.

**RECOMMENDATION:** Seek state funding (or federal funds controlled by the Legislature) to cover ongoing costs of maintaining the venues in operational condition; caring for animals at

the Zoo; covering other drastically reduced but essential ongoing operational needs; and ensuring readiness for safe and efficient reopening at the appropriate time. The ability to do this will depend on any future funding having fewer restrictions on eligibility than the CRF.

**LEGISLATIVE HISTORY:** The state has long recognized the benefit of tourism to Oregon's economy. In 1987, the Legislature contributed \$15 million to the construction of the Oregon Convention Center. In 2013, the Legislature authorized \$10 million in lottery bond proceeds to support the construction of a headquarters hotel adjacent to the OCC.

As noted above, on July 14 of this year, the Legislative Emergency Board allocated \$4.1 million in federal Coronavirus Relief Fund dollars to Metro as part of a \$50 million "business and cultural support" statewide distribution.

**OTHER INTERESTED PARTIES:** Travel Portland and other partners in the hospitality industry have been supportive of funding relief for the venues. The Oregon Zoo Foundation has raised emergency funds to support the Zoo's mission and OZF board members actively supported the Zoo's efforts to obtain permission to reopen on a limited basis.

**IMPACT IF PROPOSED ACTION OCCURS:** Some of the venues are at risk of having to cease all operations, including both the physical maintenance and administrative functions that maintain readiness to reopen. If that happens, it could take several weeks or months to start up again even after it is safe to do so. Any funding obtained from outside sources can support existing bare-bones operations, maintain readiness to reopen, and minimize the need to deplete reserves.