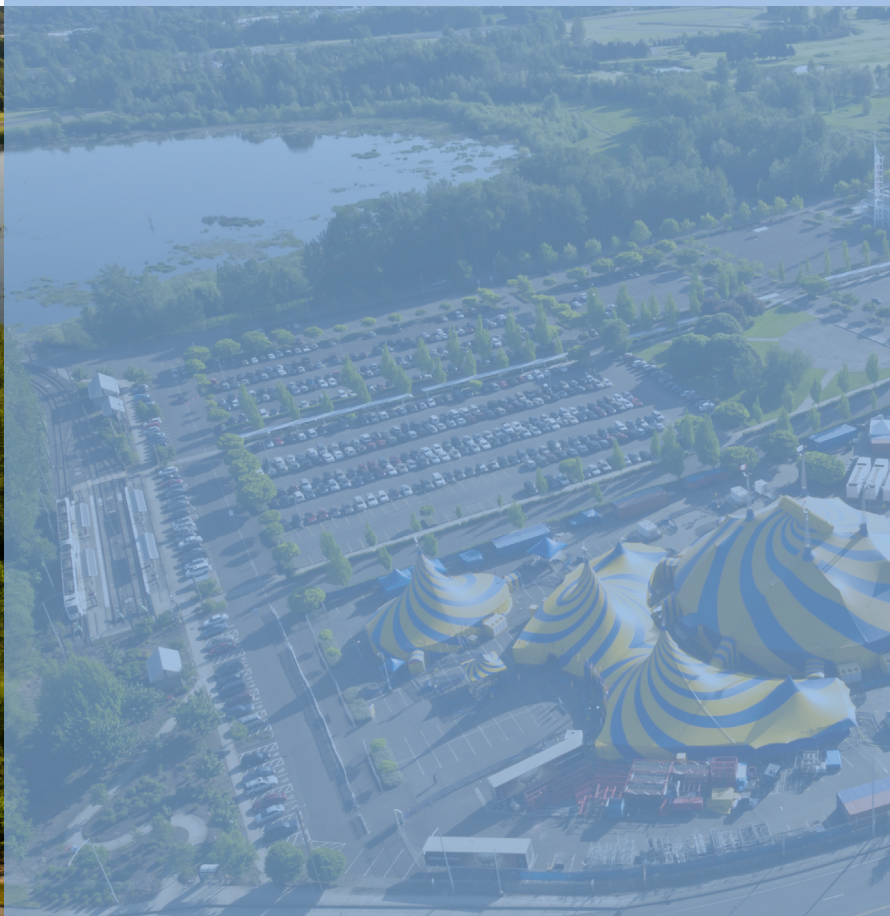


DEVELOPMENT OPPORTUNITY STUDY

POTENTIAL SCENARIOS: REFERENCE GUIDE



FEBRUARY 2021

Prepared by:





HOW TO USE THIS PDF:

- Review the brief Project Background, draft Guiding Principles, and Project Framework (pages 3 to 5) to gain some basic project context.
- Review the Four Primary Paths Forward: Sell & Invest, Hold & Replace, Hold & Repurpose, Hold & Complement (pages 6 to 8). Potential Scenarios each fit into one or more of these paths.
- Review the summary of each Theme and its potential Scenarios (guides on pages 9 to 11) and evaluate how well the options might fulfill the project's Guiding Principles.

SCENARIO OPTION LIBRARY:

The project team developed an online desktop and mobile application that may be used in conjunction with this Reference Guide. The app provides additional details on scenarios and lays out evaluation criteria not discussed in this document. It also allows users to take notes that will help facilitate future discussions. Access the Scenario Option Library here: <https://expodosproject.glideapp.io/>

PROJECT BACKGROUND

WHAT IS THE DEVELOPMENT OPPORTUNITY STUDY?

The Portland Expo Center is a venue that hosts a variety of regional events and tradeshows. Metro is currently engaged in a study to analyze the potential options that the Expo Center facility and site can continue to bring benefit to all stakeholders and the broader region.

The purpose of the Development Opportunity Study (DOS) is to explore the potential future options/scenarios the Expo Center facility and site could pursue to continue broad and sustainable benefit. It is important to note that many of the scenarios presented in this document could be complementary to current venue operations.

WHAT IS THE PROJECT PURPOSE?

- Understand stakeholder desires and aspirations related to the Expo site
- Establish a baseline understanding of the market value of the Expo property
- Identify up to five viable future options that could complement, support, repurpose, or replace the current events center operations
- Evaluate options based on this project's Guiding Principles
- Create a decision-making framework to allow Metro Council to assess potential future scenario options, impacts, and prioritize actions

PROJECT TIMELINE



INDIGENOUS COMMUNITY AND TRIBAL CONVERSATIONS AND INPUT

Purpose: To understand historical and cultural significance and update Guiding Principles

ONGOING

Create List of Future Scenarios (up to 12) & draft Evaluation Criteria

Refine the List of Future Scenarios (up to 5) prioritizing by Evaluation Criteria & Guiding Principles

Analyze and add more detail to the refined list of Future Scenarios (up to 5)

Present final Future Scenarios to Metro Council. Framework will allow Metro Council to prioritize next steps.

JANUARY - MARCH

MAY

JUNE

AGENCY & STAKEHOLDER MEETINGS

Purpose: To review Future Scenarios and Evaluation Criteria in order to create refined list. Meetings includes DOS Steering Team, MERC, Metro Council, and 2 sets of Community Conversation meetings (Feb & March) with key stakeholders and partners.

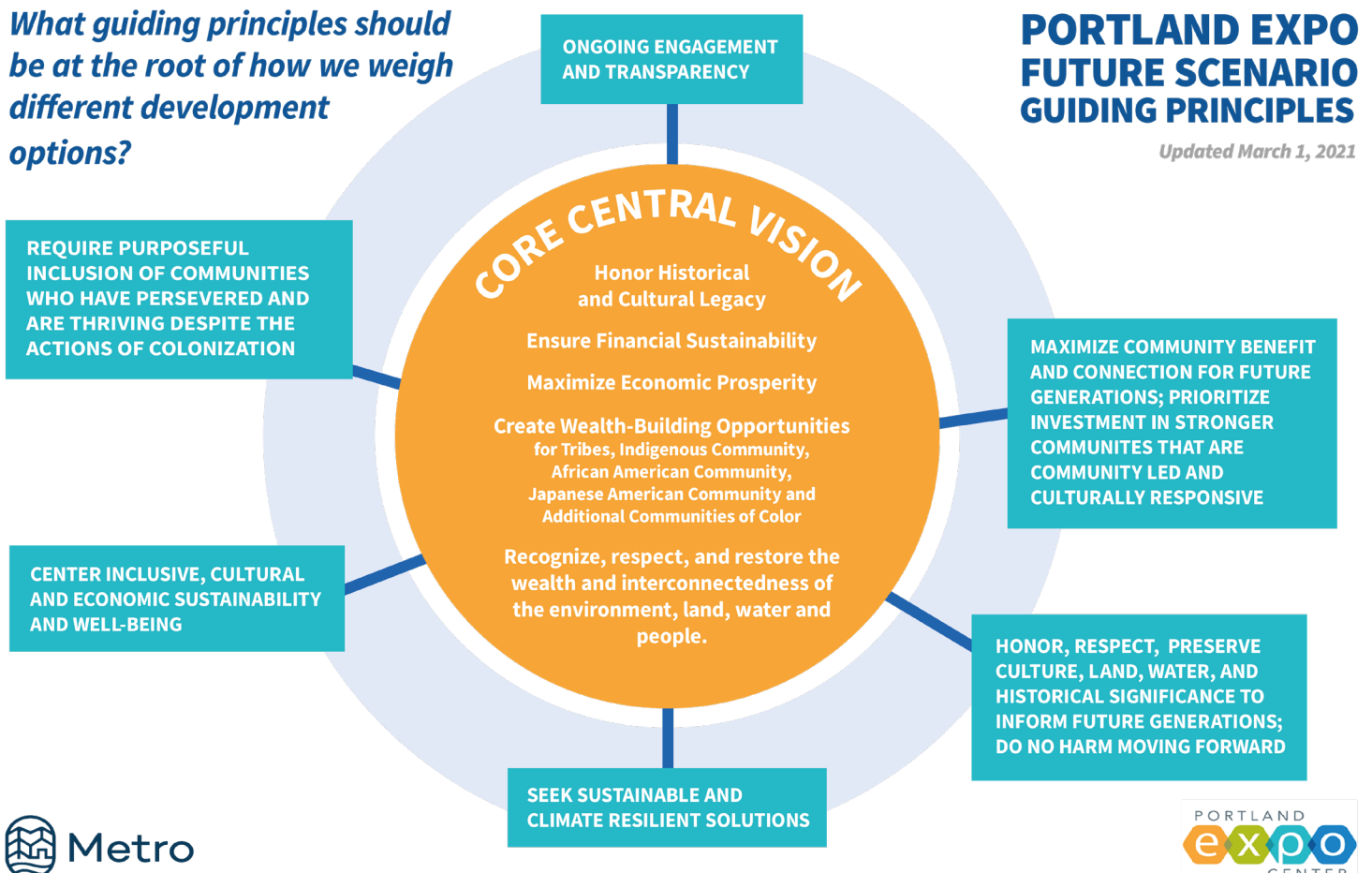
VIRTUAL OPEN HOUSE

Purpose: To review and provide feedback on the final set of Future Scenarios.

DRAFT GUIDING PRINCIPLES

The Draft Guiding Principles in the graphic below have been developed through an iterative process over a series of stakeholder engagement meetings. They may continue to be updated or added to throughout the life of the project. Future scenarios considered on this site will be evaluated through the lens of these Guiding Principles and their ability to meet them.

What guiding principles should be at the root of how we weigh different development options?



PATHS



Any decision about the future of the Portland Expo site must begin with the choice to either hold or sell the site—and, if holding, whether to repurpose existing buildings, add new buildings on unbuilt portions of the property, or replace existing structures in order to build others for new uses. Many Scenarios put forth at this point in the study could accommodate more than one of these four options—or some combination of multiple Paths.

THEMES

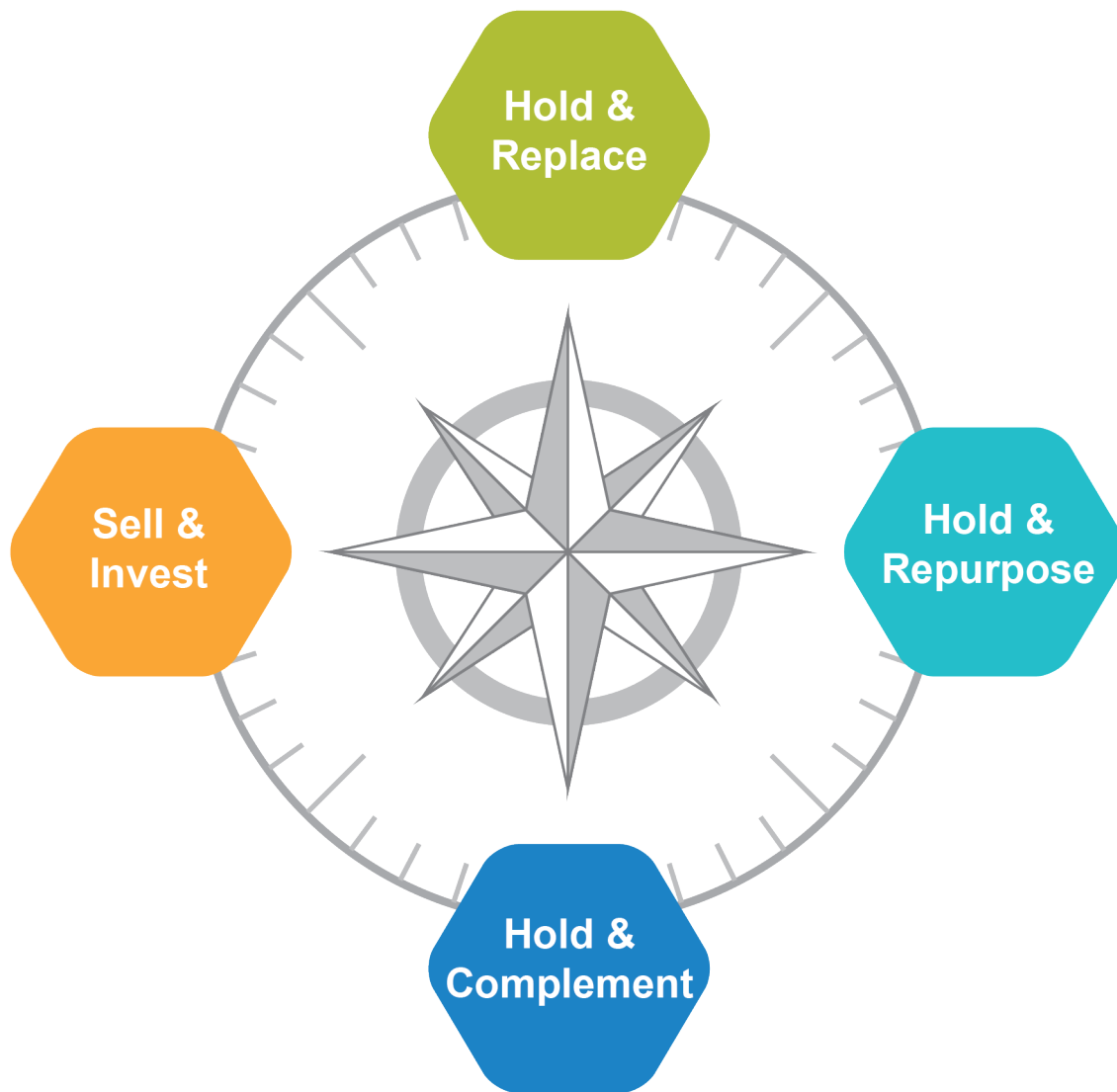


The Project Team conducted dozens of interviews with local experts to develop a list of Themes to use as a framework for this study. Some Themes such as Sport and Film already occur in some capacity at the Expo Center, while others could be first-of-their-kind uses in the Portland region.

SCENARIOS



Each of these themes could be realized in one or more different ways (Scenarios) on the site. With feedback from community stakeholders, the Project Team will prioritize and refine this list before presenting findings to the Metro Council in Spring 2021. Themes and their potential scenarios are discussed in greater detail in the remainder of this document.



“HOLD VS. SELL ANALYSIS”

AN ELEMENTAL QUESTION IN REAL ESTATE

Key Question: Is the market value of the property today worth more than the future value of using the existing property? *Value can be defined in dollars or benefits.*

At this stage of the project, we are highlighting 19 possible scenarios across nine themes.

- Each scenario fits within one or more of these four paths.
- Each path forward has strengths and weaknesses.
- Each impacts venue operations differently.

1. SELL & INVEST ELSEWHERE

This is a market-based strategy to leverage the current strength of the industrial market and redirect sale proceeds towards community benefits elsewhere. **It recognizes that money generated from the high market value of a site sale could have the highest impact if directed toward another regional project.**

STRENGTHS

- It is currently a hot industrial market, especially with rise in demand for online shipments during the COVID-19 pandemic. Current rough estimates are around \$23-28 million in value.
- Scarcity of similar sites in the area.
- Size, location, and proximity to transportation are all attractive features for a potential buyer.

WEAKNESSES

- An off-site priority for investment has not yet been identified. This would require a public process outside the scope of this study.
- On-site memorialization to honor history would require site subdivision and could potentially reduce sale value (since high value is related to the site's current large size).
- A new owner would be likely to demolish existing buildings; for instance, existing buildings are not easily adaptable to common logistics uses.
- Low/no control over how the site is used and who benefits.

2. HOLD AND REPLACE BUILDINGS

This is a market-based strategy which would leverage the unique size and locational strengths of the site while allowing Metro to maintain ownership of the site. **Metro would have long-term financial return and more control over who benefits from the site.**

STRENGTHS

- Leverages the unique location and large site size.
- Metro has the potential to generate long term revenue while still controlling how the site is used if a land lease or joint venture partnership with a strong market-based user (such as logistics) is pursued.
- Metro may have greater ability to influence wages and direct benefits to specific populations via community benefit agreements. The Port of Portland has a comparable pilot program at Gresham Vista.

WEAKNESSES

- Demolishing existing buildings would have negative environmental and financial implications.
- Historical value of the site could be lost.
- Current venue operations could not continue.

3. HOLD AND REPURPOSE

This is an opportunity to leverage the existing structures to provide much-needed, low-cost space to a mix of users. **By far the most complex proposition, it is also potentially the most impactful to underserved populations.**

STRENGTHS

- Leverages existing structures.
- Would offer large amounts of low-cost space to many users, which is severely lacking today.
- Metro could control who benefits from use of the site.
- Potential alignment with programmatic and funding priorities of other public agencies, such as the Port of Portland and Prosper Portland.
- Smaller scale venue operations could potentially continue, depending on the other uses introduced onto the site.
- Existing, local, scalable models and expertise exist today for a food-related campus

WEAKNESSES

- A multitude of users adds management complexity and would require partnerships with other organizations or agencies.
- Repurposing existing buildings still requires a significant investment and likely a public subsidy.
- Low or potentially no financial return for Metro—however, this path could be structured to avoid additional upfront investments or ongoing costs.

4. HOLD AND COMPLEMENT VENUE

This is an opportunity to expand use of Expo facilities while maintaining some level of current venue functions. The goal would be to maximize occupancy by prioritizing new, higher-paying users, such as film production and sports.

STRENGTHS

- Leverages existing structures.
- Better maintains current venue operation potential, such as hosting temporary events like trade shows and indoor sports tournaments.
- A complementary use, like film production, has a compatible schedule with the trade shows that already occur at Expo.
- Would continue the long-standing legacy of the site as a venue and maximize ability to honor the history of the site.

WEAKNESSES

- Ensuring community benefits while remaining marketable can be a complex process.
- Sports share similar peak demand times as trade shows.
- Oregon has limited state subsidies to attract film production compared to other states.

THEMES & SCENARIOS

The following pages dive into deeper detail on the themes presented in this phase of the work. They also provide a high-level assessment of how potential scenarios within each theme compare to one another across several variables. **No decisions or rankings of scenarios are being made at this time.** Below is an example page and a brief guide to assist you in navigating the rest of this document and learning about each theme.



POTENTIAL PATHS

The graphic here shows **which paths each theme could potentially take**. If the shape is grayed out, it is unlikely that the theme would fit into that future. For instance, the orange and green shapes in this example indicate that a Logistics Theme would most likely result in a Sell & Invest or Hold & Replace future.

OPPORTUNITIES AND CONCERNS

This narrative briefly describes the overall **strengths and challenges** that each theme could face.

THEME: LOGISTICS

OPPORTUNITY:
Logistics uses, such as warehousing and distribution, are experiencing rapid growth and demand for space is high—even during COVID—and suitable large, central sites are in short supply. The Expo site is ideally located and sized for this type of use, and as a result could command a historically high sale price or generate long term revenue streams for Metro (or beneficiaries) if structured as a land lease or joint venture partnership with a private developer.

CONCERNS:
Lack of certainty about how and to what degree this scenario could achieve on-site community benefits and memorialize the site's history; process needed to determine off-site benefit if sold.

COMPARABLE EXAMPLE PROJECT:
Prologis Meadows is an e-commerce fulfillment facility located in North Portland, OR with over 1,850,000 sq. ft. of warehousing and distribution space. Market demand is currently high for sites that can accommodate this kind of use, such as the Expo Center site. Credit: Prologis

POTENTIAL SCENARIOS:
Land Sale - Metro sells property
Land Lease - Metro holds property
Joint-Venture Partnership

SCENARIO PERFORMANCE CHARTS

These graphics are one way to quickly visualize how scenarios meet **certain evaluation criteria**. A detailed explanation is on the following pages.

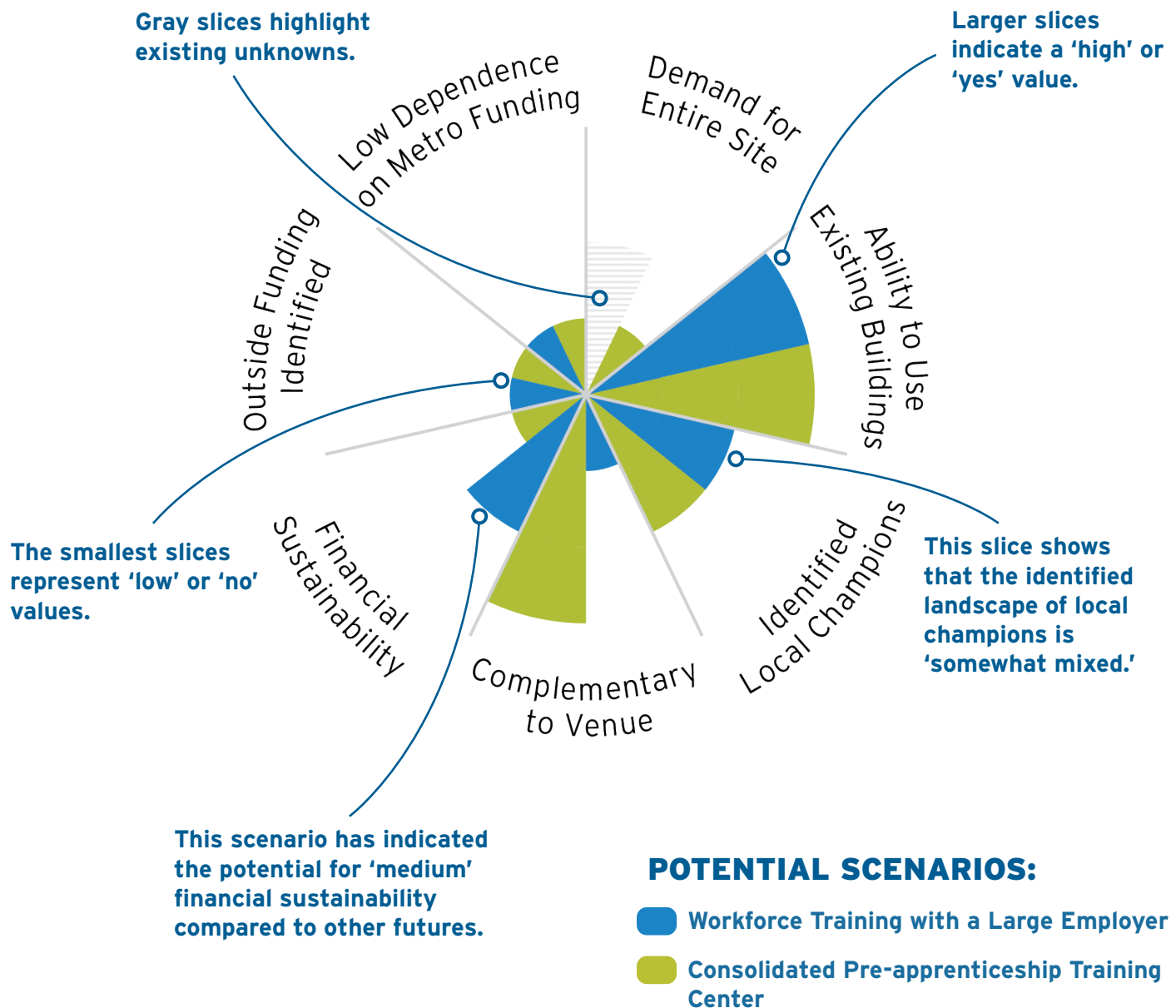
COMPARABLE EXAMPLE PROJECT

Highlighting a real-world project gives context to the themes and demonstrates one way that a scenario could play out. It is important to note that **these are simply examples and not necessarily directly replicable at the Expo site.**

HOW TO: SCENARIO CHARTS

The Scenario Performance Charts included on each theme page show how one or more scenarios score on certain evaluation criteria. Each characteristic is represented as a slice around an axis, with larger or more positive outcomes reaching toward the outer edge of the circle. **Thus, a larger overall shape indicates stronger alignment with positive outcomes across each variable.**

Multiple scenarios can be shown on one chart by using different colors. For example, two scenarios are compared on the graph below. They have similar outcomes for Outside Funding Identified, Low Dependence on Metro Funding, Ability to Use Existing Buildings, and Local Champions Identified. However, the green scenario has much greater potential to complement current venue uses than the blue scenario.



HOW TO: SCENARIO CHARTS

The following is a description of the evaluation criteria included in the scenario charts for each theme. It is important to note that **these are not the only evaluation criteria considered for scenarios**. The charts are intended to be used as a tool for easy visual comparison across themes and to highlight existing unknowns; they are not a final scorecard. For a more detailed list of evaluation criteria considered, please refer to the project app developed along with these materials.

COMPLEMENTARY TO VENUE

The Portland Expo Center brings value to the region as a unique performance and event space. Scenarios that could accommodate some continued use of the site as a venue score high on this attribute.

ABILITY TO USE EXISTING BUILDINGS

This measure evaluates the potential for a scenario to reuse the existing buildings on the site, rather than tearing down buildings. Reuse of existing building space can enable more affordable spaces compared to newly-constructed buildings and it reduces large amounts of waste generated by demolition.

DEMAND FOR ENTIRE SITE

Large sites like the Expo site are rare and can accommodate uses and users that are not easy to fit in other parts of our land-constrained region. It is helpful to know which scenarios have large space needs and can efficiently use the entire site.

LOCAL CHAMPIONS IDENTIFIED

Having local champions with the relevant experience and willingness to take a leadership role in a scenario is an important factor in the success of major projects like this. Metro recognizes that many of the potential future scenarios will require the energy and leadership of local champions to be successful.

FINANCIAL SUSTAINABILITY

The ability of the scenario to sustain itself financially over the long term is an important factor in this analysis. Financial sustainability is not narrowly defined as “profitability” in this evaluation, but rather the ability of a scenario to sustain operations over a long period of time. Outside public dollars and nonprofit partners can strengthen financial sustainability.

OUTSIDE FUNDING IDENTIFIED

Achieving meaningful community benefits will likely require outside funding, such as public investments, nonprofit partnerships, and/or socially responsible private investments. The likelihood a scenario can secure outside funding is viewed as an important factor in this analysis.

DEPENDENCE ON METRO FUNDING

Low dependence on Metro funding is considered an advantage to any future scenario. Metro has a valuable asset (the Expo site) but no additional funding currently identified.



Credit: Supply Chain Minded

THEME: LOGISTICS

OPPORTUNITY:

Logistics uses, such as warehousing and distribution, are experiencing rapid growth. Demand for space is high-even during COVID-and suitable large, central sites are in short supply. The Expo site is ideally located and sized for this type of use, and as a result could command a historically high sale price or generate long term revenue streams for Metro (or beneficiaries) if structured as a land lease or joint venture partnership with a private developer.

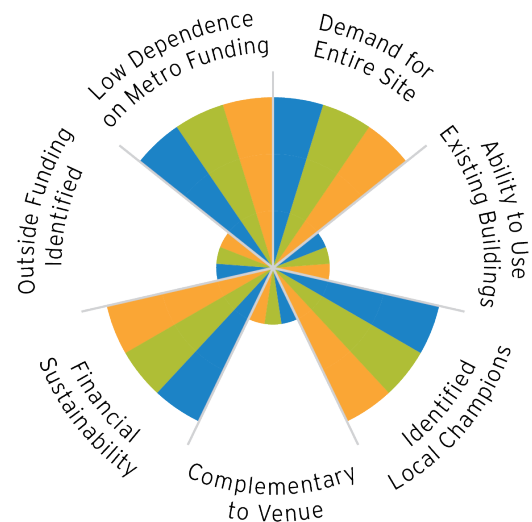
CONCERNS:

There is lack of certainty about how and to what degree this scenario could achieve on-site community benefits and memorialize the site's history; it would require a process outside the scope of this study to determine off-site benefit if sold.



POTENTIAL SCENARIOS:

- Land Sale - Metro sells property
- Land Lease - Metro holds property
- Joint-Venture Partnership



COMPARABLE EXAMPLE PROJECT:

Prologis Meadows is an e-commerce fulfillment facility located in North Portland, OR with over 1,850,000 sq. ft. of warehousing and distribution space. Market demand is currently high for sites that can accommodate this kind of use, such as the Expo Center site. Credit: Prologis





Adidas Village - Credit: Bora Architects

THEME: CORPORATE OR INSTITUTIONAL CAMPUS

OPPORTUNITY:

Campus uses for corporate or institutional users require large contiguous sites, which are in short supply in the central areas of our region. Regional examples include Nike headquarters in Washington County, Adidas Village, hospitals, fire and rescue training facilities, colleges and universities, and school districts.

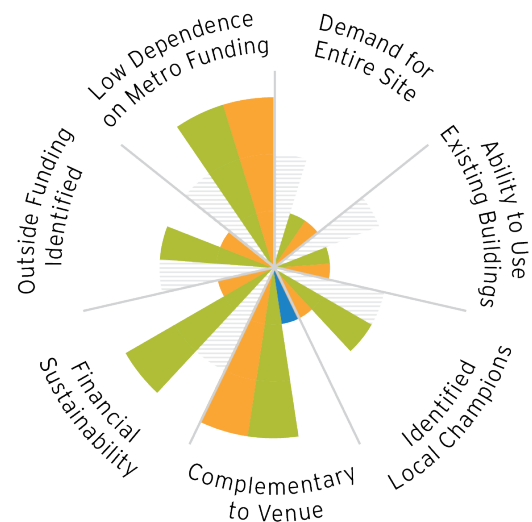
CONCERNS:

The service areas for public agencies and entities stop at the state line, meaning the Expo site is not central for the populations they serve. Levy and liquefaction risks pose issues for health and safety uses.



POTENTIAL SCENARIOS:

- Corporate Campus
- Institutional / Public Agency Campus
- Higher Education



COMPARABLE EXAMPLE PROJECT:

The Portland Community College Rock Creek Campus is a satellite location serving students across Washington County. Sites large enough for campuses—whether educational, institutional, or corporate—are rare, and the 53-acre Expo Center could accommodate a large campus. Credit: PCC





Workforce Development Center – Credit: Del Mar College

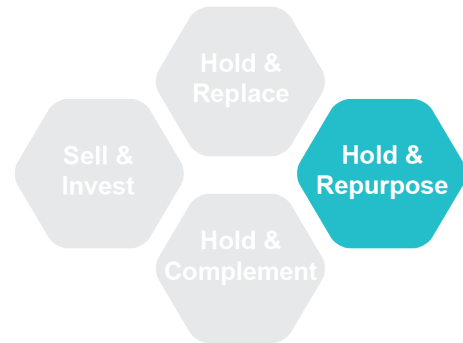
THEME: WORKFORCE DEVELOPMENT

OPPORTUNITY:

Workforce training has arisen as a major regional priority in recent years—especially for addressing the lack of representation from underserved populations in key industries—resulting in the dedication of funding for capacity building. Office and training space is in short supply, and many organizations struggle to afford it.

CONCERNS:

Currently, funding is not available for physical space acquisition or operation. The organizational landscape of workforce development in the region is fragmented, with no clear central entity to spearhead a consolidated facility. Workforce training entities like PCC prefer to be complementary to a primary employment use rather than the primary user themselves.



POTENTIAL SCENARIOS:

- Workforce Training with a Large Employer
- Consolidated Pre-apprenticeship Training Center



COMPARABLE EXAMPLE PROJECT:

Oregon Tradeswomen is one of several local organizations focused on workforce development and pre-apprenticeship training. The Expo site could potentially consolidate many of these efforts into a large training center. Credit: Oregon Tradeswomen





Privately-owned Maker Space in Portland, OR – Credit: General Industry

THEME: INNOVATION AND MAKER SPACES

OPPORTUNITY:

Small-scale manufacturing and fabrication uses have experienced a renaissance in recent decades in places like Portland, but a limited supply of large, flexible, low-cost space (particularly in the core area) has caused a rapid increase in rents. This has displaced small and minority-owned businesses in particular. Prosper Portland and the Port of Portland have prioritized funding for new affordable employment spaces that benefit entrepreneurs from Black, Indigenous, and People of Color Communities.

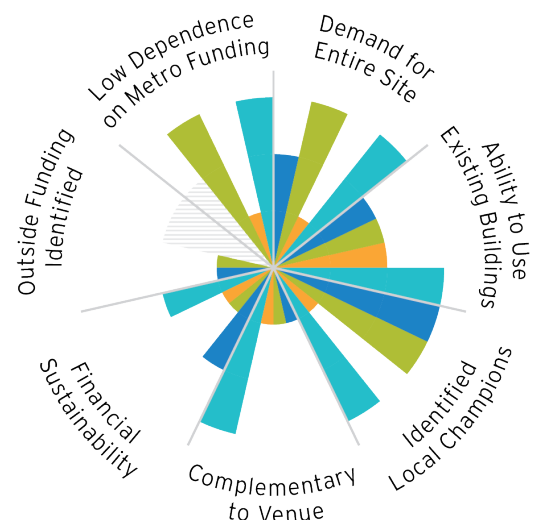
CONCERNS:

Although a well-established industry, this sector is experiencing relatively slow growth in demand. It is unclear how sizable the mid-range maker market is. Subdividing large Expo buildings may prove difficult for even medium-sized tenants. A publicly-funded effort also has potential to displace or undercut privately-owned maker spaces.



POTENTIAL SCENARIOS:

- Specialized Manufacturer
- Innovation Campus (Higher Ed + Industry)
- Large Maker Campus
- Maker Spaces in Older Buildings



COMPARABLE EXAMPLE PROJECT:

The Oregon Manufacturing and Innovation Center (OMIC) is an innovation campus in Scappoose, OR. The project is a unique partnership between private industry and higher education. Spearheaded by the Boeing Company and subsidized with State funds, it has membership from dozens of other companies and focuses on innovating the metal manufacturing process. PCC has a workforce training building onsite. Credit: Mortenson





Seattle North Transfer Station - Credit: Benjamin Benschneider

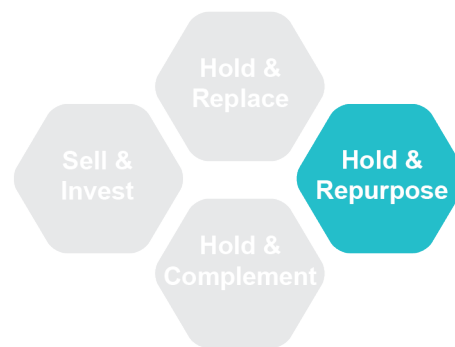
THEME: REUSE AND UPCYCLING

OPPORTUNITY:

Metro has an existing agency focus on waste management and waste stream reduction: solid waste & recycling, paint recycling, and their RID program. In line with Portland's growing zero-waste culture, a variety of regional private and nonprofit entities focus on upcycling or responsible recycling, such as Free Geek, Community Warehouse, and The Rebuilding Center. Additionally, the Oregon Legislative Concept 578 agreement from September 2020 would create dedicated funding from producers to modernize recycling systems and improve labeling, collections, and processing.

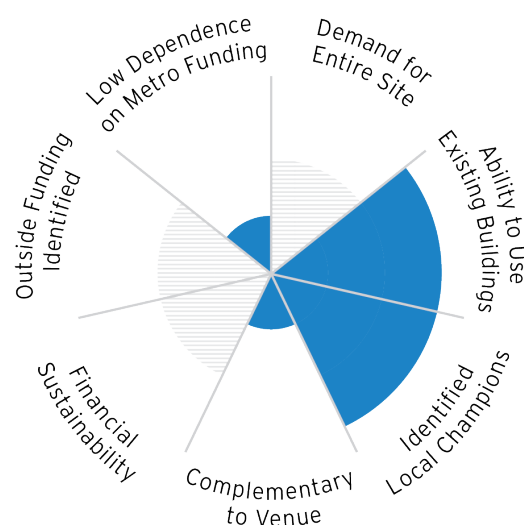
CONCERNS:

This scenario would require substantial effort and funding from Metro. A fragmented network of private and nonprofit actors often own their own spaces, meaning consolidation potential is uncertain. Also uncertain is the timing of state legislative action and additional funding for modernizing recycling.



POTENTIAL SCENARIO:

Recycle, Reuse, & Upcycle Facility



COMPARABLE EXAMPLE PROJECT:

Metro Paint is one of several Metro programs focused on waste management and waste stream reduction that could potentially relocate to the Expo Center. Consolidating multiple Metro facilities on a single campus could save money and be the anchor for a waste reduction and innovation campus. Credit: Metro





Food-based Business Incubation Hub – Credit: Portland Mercado

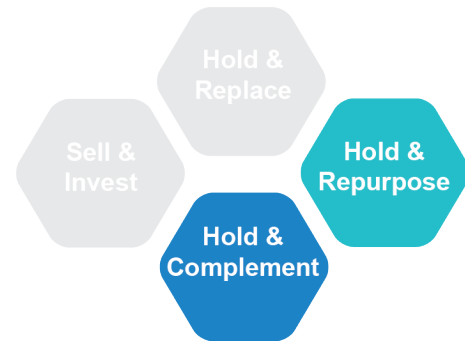
THEME: FOOD-BASED BUSINESS DEVELOPMENT

OPPORTUNITY:

Portland has a burgeoning food ecosystem, with a growing number of small producers and entrepreneurs serving our local market and beyond. Certain sectors have even thrived during COVID. However, affordable spaces for growing businesses to “scale up” is in short supply. A proof-of-concept “food hub” and local champion exists with The Redd by Ecotrust in the Central Eastside. Prosper Portland and the Port of Portland have prioritized funding for new affordable food-oriented space, with a specific emphasis on Black, Indigenous, and People of Color entrepreneurs.

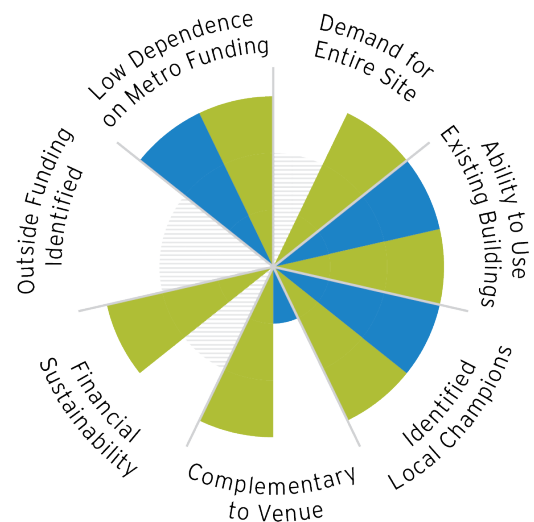
CONCERNS:

It is unclear if space needs of medium to larger users is sufficient to utilize the entire site (although Ecotrust is willing to spend time to find out). Food-related space has specific, often-expensive health and safety requirements that can make retrofitting costly.



POTENTIAL SCENARIOS:

- Large Food-oriented Campus
- Limited Commercial Kitchen + Storage



COMPARABLE EXAMPLE PROJECT:

The Redd is a food-based business incubation hub run by Ecotrust in Portland, OR. Pictured here is an outdoor market, but the site is also home to commissary kitchen space and a co-packing/distribution hub. The Redd often operates close to capacity, demonstrating the market demand for spaces like this—particularly as businesses continue to scale up production. Credit: Ecotrust





Credit: Rock Hill Sports and Event Center

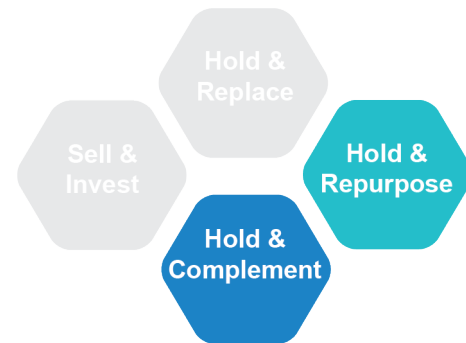
THEME: SPORT FACILITIES

OPPORTUNITY:

There is a lack of large, multi-sport and multi-court spaces within the Vancouver-Seattle-Portland region, especially in Portland. This limits the ability of our region to be competitive for both high-profile, bid-focused events and smaller, regional competitions. Sports Oregon is a local champion, but no funding is currently identified; most state funding has traditionally gone to track and field. However, relatively modest costs would be associated with adapting the space for sporting competitions, a use which already occurs on the site and could continue to complement venue operations at a smaller scale.

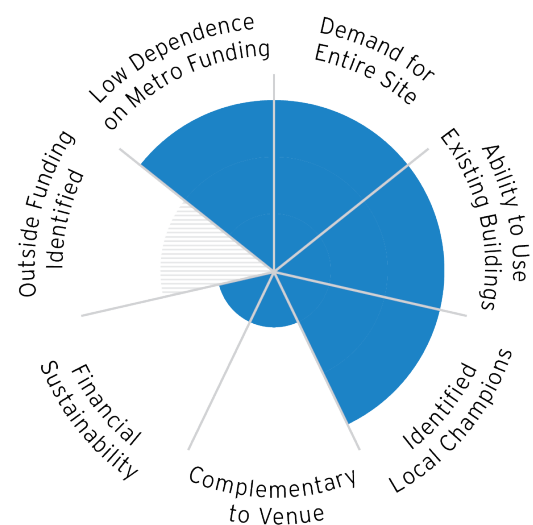
CONCERNS:

This scenario has the same potential for high vacancy as current Expo operations, with peak demand on weekends and in fall and winter. Traveling sport competitions are expensive and tend to have players from more affluent families. It is unclear how to ensure meaningful benefits to underserved communities.



POTENTIAL SCENARIO:

Large Sport Campus



COMPARABLE EXAMPLE PROJECT:

It is not uncommon for Convention and Expo Centers across the country to host large, multi-court sports competitions and regional events. With a similar facility size to the Portland Expo Center, the Connecticut Convention Center in Hartford, CT is one such an example. Credit: Connecticut Convention Center





Credit: Sam Moqadam

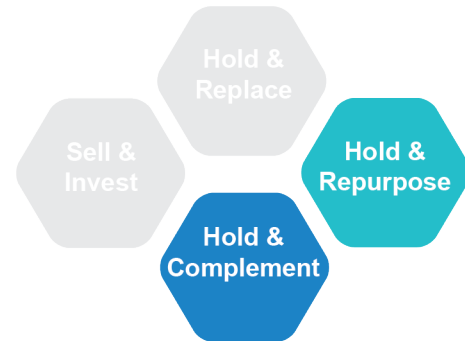
THEME: FILM PRODUCTION

OPPORTUNITY:

Film production is booming with the rise of streaming and a proliferation of Amazon and Netflix-funded productions. Smaller production studio space in LA is scarce. Portland has national brand identity and is just a short flight from LA with no international border crossing (an advantage over Vancouver, BC). Newer buildings at Expo are well-suited for studio space. Filming of a nationally syndicated culinary television show has recently happened at Expo, with longer term availability during COVID. Most jobs are higher paying and union-supported.

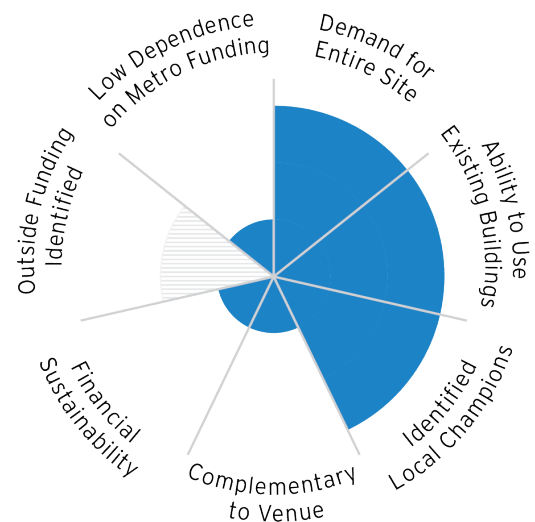
CONCERNS:

Oregon's relatively low state subsidies are a distinct disadvantage compared to other places like New Mexico or Texas; subsidies are a large factor in site selection. Filming is seasonal: June to November. However, this complements Expo's current trade show season.



POTENTIAL SCENARIO:

Large Film Studio Campus



COMPARABLE EXAMPLE PROJECT:

The Portland Expo Center has had recent, successful experience working with film crews onsite, even during the COVID-19 pandemic. A nationally syndicated culinary television show recently filmed onsite, proving there is room to grow when incorporating film to a business plan.
Credit: Kushagra Kevat



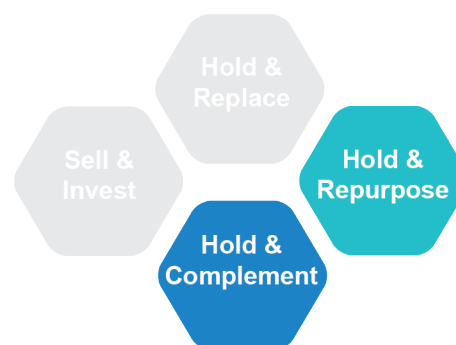


OPPORTUNITY:

COVID has disrupted normal venue operations. However, this period has put a spotlight on potential new or expanded lines of business, with opportunities to rethink the venue business plan, reduce seasonal vacancy, and prioritize higher-yield bookings—for instance hosting more regional competitive sporting events, film shoots, and renting the large commercial kitchen on-site. Additionally, some long standing clients (such as RV sales) have seen business growth during COVID and have worked with staff on plans to shift operations outdoors.

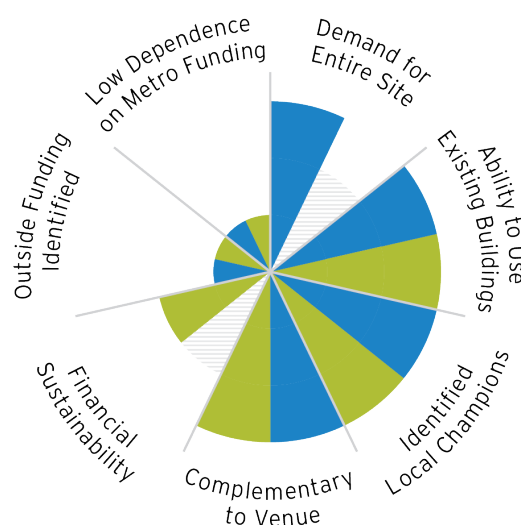
CONCERNS:

The major expansion scenario comes with a potentially large financial obligation and uncertain funding. General concerns include uncertainty about the future of venue space demand and the seasonality and weekend focus of traditional trade shows.



POTENTIAL SCENARIOS:

- Major Venue Expansion**
- Modified Venue Business**



MAJOR VENUE EXPANSION:

Hunden Strategic Partners created a report in 2014 that modeled different options to replace the three older, historic halls with a newer, larger Hall C with 108,000 square feet of modern exhibition space. This scenario would require \$25-30 million of outside funding. Also, ability to honor the history of the site may be impaired by new construction. Credit: Portland Expo Center

