

METRO
2013 LEGISLATIVE ISSUE IDENTIFICATION

Department: Visitor Venues

Date: 12/12/12

Person completing form: Stephanie Soden

Phone: x1818

ISSUE: Oregon Convention Center hotel

BACKGROUND: The Oregon Convention Center (OCC) is a regionally-owned asset that catalyzes visitor spending throughout the Portland metropolitan area and across the state. Over half a billion dollars is injected into the state's economy each year as trade associations and large groups of working professionals attend multi-day conventions at the OCC and visit destinations throughout Oregon for pre- and post-meeting leisure. Analysis reveals that convention attendees spend, on average, \$330 per day in hotels, restaurants, retail shops, recreation outfitters and transportation service providers in the region and beyond during their stay.

The OCC has been envisioned as an economic driver for the city, region and state since its inception. The 1987 Oregon Legislature contributed \$15 million in Oregon Lottery funds toward the OCC's total construction cost of \$90 million. This state investment has been paid back many times over. Each year, the state of Oregon receives \$4-5 million in personal income and corporate excise/income tax revenues as a result of the center's business. The OCC also generates roughly \$600,000 annually in state transient lodging taxes, which fund tourism promotion and destination marketing activities in nearly every Oregon community.

Recent independent analysis estimates that, with an adjacent 600-room convention center hotel, the OCC can expect an average of seven additional conventions each year, which would induce an extra \$120 million in direct and indirect spending annually throughout the Portland metropolitan region alone. In addition to the 4,000 to 5,000 local jobs currently supported by the OCC's business, 2,200 construction jobs and 950 permanent hospitality jobs would be created and sustained through the hotel project. The project would be expected to yield \$330 million in state and local tax revenues over a 30-year period. The State of Oregon would be the largest beneficiary by far, receiving \$180 million in additional tax revenues over this time period.

Negotiations are currently under way with Mortenson Development/Hyatt Corporation to develop a hotel package for Metro, Portland Development Commission (PDC), City of Portland and Multnomah County approval in early-mid 2013. The focus of these negotiations is to decrease the gap in funding between total project costs and public resources tentatively allocated to the project, including \$4 million in grants from both Metro and its project partner, PDC. The finance package may also include reinvestment of the site-specific local transient lodging taxes for a period of time to be negotiated.

RECOMMENDATION: The Oregon Convention Center has delivered on its original promise of inducing spending, supporting Oregon businesses, creating and sustaining jobs and generating tax revenues. Now, in consideration of the estimated future state economic and fiscal impacts, the OCC hotel project team hopes to pursue \$15 million in state lottery funds in the 2013 legislative session. Staff recommends that the Metro Council support this request.

LEGISLATIVE HISTORY: In 1987, through passage of House Bill 3075, the Legislature approved allocation of \$15 million in state lottery funds for construction of the Oregon Convention Center.

OTHER INTERESTED PARTIES: Likely allies include Travel Portland, Travel Oregon and the Oregon Tourism Commission. The Oregon Restaurant and Lodging Association (ORLA) will, at best, remain neutral because a small but vocal minority of its membership opposes the project.

IMPACT IF PROPOSED ACTION OCCURS: Metro will benefit by receiving financial support of the Oregon Convention Center hotel project. The state of Oregon and local communities statewide will benefit from increased tourist spending and increased revenues.