



METRO

**Oregon Convention Center Headquarters Hotel
August 15, 2007 Public Workshop
Public Comment Report**



Report Summary

On August 15, 2007, more than 100 people participated in a public workshop regarding the Oregon Convention Center Headquarters Hotel project. The meeting was held from 3-5pm at the convention center. The goals of the event were:

- proactively share information
- allow stakeholders to interact with those who may hold different views and perspectives
- get priority questions and concerns on the table
- build understanding for opportunities and what must be done to accomplish them, and
- reach potentially impacted neighborhoods and equity groups.

This public comment report includes:

1. Event overview.
2. A summary of major themes from the public comments generated from the group discussions and comment cards in regards to potential benefits and downsides of the hotel.
3. Further explanation of each of the most common public comments, including quotations from discussions and comment cards.
4. Other notable public comments and questions.
5. An appendix that includes all the input from the workshop, including comments submitted on comment cards, a compilation of the prioritized benefits/downsides from the small group process, and a complete list of the ideas generated at small group discussions.

1. Event Overview

The purpose of the Stakeholder Workshop held on August 15th 2007 was to better inform the public about Metro's process to study a headquarters hotel.

More than 100 people participated in the workshop. The audience was very diverse, with participants including local hoteliers, business leaders, construction trade representatives, representatives of local business districts and leaders from minority communities.

MERC CEO David Woolson presented an overview of the proposed project and was followed by Tom Hazinski from HVS International, who explained the results the studies HVS conducted on the feasibility and local impact of the

Headquarters Hotel. Brian McCartin from Portland Oregon Visitors Association then summarized the SAG report that his organization commissioned, which surveyed more than 50 convention planners regarding their attitudes about Portland as a convention destination.

Participants divided into small groups to discuss the potential benefits and downsides of the proposed hotel. Each small group's discussion was facilitated by a moderator and a note-taker. The groups were asked to prioritize the top three benefits related to the project and the top three downsides. The facilitators presented their discussion group's prioritized lists of pros and cons to the overall group. An open question and answer opportunity followed before adjournment.

The event was organized and facilitated by John Donovan of the Metropolitan Group, Deb Meihoff of Communitas, LLC and Julie Reed of MERC.

2. Major Themes From Public Comments

What potential benefits do you see from the proposed Headquarters Hotel?

Economic Catalyst: Portland, particularly the Lloyd District, see increased business traffic from bigger, better conventions. Tourism for the entire market may rise as well.

Community Enrichment:

- **Jobs for Everyone:** The Hotel will add jobs across many industries and skill levels during construction and after completion.
- **Development Driver:** The Hotel will spur development in the Lloyd District and build confidence in the communities surrounding it.

Improving the Attractiveness of Our Destination: Helps solidify Portland and Oregon as world-class destinations, which will bring significant benefits.

Maximize OCC Investment: The hotel will enhance and protect the public investment in the OCC by maximizing its potential.

What potential downsides do you see in the options being considered?

Big Enough? Soon Enough?:: 600 rooms are not enough, and 2011 is too long to wait, we need it now.

Future Capital Capacity Diminished: Metro may use up all of its political and economic capital on the hotel, taking resources away from other needed projects

Local Hotel Market Hit: Room occupancy rates for all area hotels, and revenue, will drop temporarily when the hotel is completed.

An Expensive and Complicated Approval Process: The multiple layers of government and bureaucracy involved in a publicly funded project may delay it and push costs up.

Can't Be an Isolated Investment: If the Hotel is built without other investments in the Lloyd district, the Hotel may fail to spur development or build the confidence needed.

Source: Public small group discussions and comment cards, August 15th, 2007

3. Further Explanation of Public Comments

Economic Catalyst

Attendees were quick to recognize the economic benefits of such a hotel. Economic benefits for the Lloyd District, Portland, and all of Oregon were identified. Respondents understood that the hotel meant bigger, better conventions for the OCC and they expressed that convention goers are big spenders with expense accounts.

“It will bring a significant amount of new spending to the City, increased visitors, increase occupancy at other hotels, it will provide a needed shot in the arm to the Lloyd District”
“... it will kick start economic growth throughout the city, Lloyd District, downtown hotels, etc”

Community Enrichment

Attendees to the workshop pointed out the community enrichment that would come from the hotel in two major forms: jobs and further community development.

There was excitement about the potential of new jobs in the community created by both hotel construction and operation. In addition, attendees identified further development in Portland and the Lloyd district as adding more jobs outside the Hotel.

The public demonstrated enthusiasm for development that could be spurred by the Hotel. Many attendees saw further development in the Lloyd district as inevitable given the traffic that the Hotel would generate. In addition to obvious economic benefits of development, some attendees were keen to say that the development would improve the Portland region as a whole, with particular benefit to the area near the proposed hotel.

“Jobs, jobs, jobs”

“More jobs – service – real jobs”

“it will provide a needed shot in the arm to the Lloyd District”

“Confidence building for neighborhood and catalyst for additional development”

“Spur retail development; lead to more activity to the area; more condo development; commercial redevelopment and residential development in immediate area.”

Improving the attractiveness of our destination

Attendees expressed enthusiasm that the Hotel will bring world-class conventions to Portland and hence reinforce Portland as a world-class city. Some said this status would bring increased tourism and certainly more people with money to spend.

“More national conventions = more people + more dollars”

Maximize OCC Investment

Some attendees argued that the headquarters hotel would take the existing public investment in the OCC and push it even further, making it do more for the community and bring in more money and spending to the area.

“Maximize previous \$\$ investment in OCC infrastructure”

“Protects investment already in OCC”

Big Enough? Soon Enough?

Many attendees stated that they thought a 600-room hotel was not big enough. They suggested 800 rooms as a minimum size and some argued for up to 1000 rooms. The attitude of several was “go big or go home.”

In addition, a common downside expressed about the proposed project was that it is too long a timeframe for construction of the hotel. The Hotel is needed now, it was needed years ago, and possibly the prime time to build the hotel may have passed by the time it is completed.

“600 rooms is probably too small, if there is a plan for 800 it should be from the start.”

“600 rooms is too small (build the 600 rooms now and a twin tower next to it for another 200) or just build a 800 room now.”

“600 Rooms is a start for Portland – we will need more over time”

Future Capital Capacity Diminished

The public stated concern that if the hotel project moved forward, it would eat up all of Metro's and MERC's financial and political capital, meaning other important projects may be impossible. It is important to note that the public obviously likes Metro and the things it is able to do with its carefully allocated funds, and they don't want to see Metro's ability to continue doing outstanding things for the community hampered by the burden of such an enormous project.

“Jeopardize public's willingness to make investments that might be needed in the future.”

“Commits public funds; capacity that can possibly go for another project.”

Local Hotel Market Hit

Attendees understood the consultant's presentations when they explained that all models predict that PDX area hotel occupancy rates will drop temporarily when the HQ hotel is completed.

“Could take business away from other hotels”

“Loss of revenue at local area/established hotels”

An Expensive and Complicated Approval Process

Participants were quick to point out that as a public project, it would therefore be challenged by layers of approval, need for public support, and strong elected official leadership that may change over time. There was a certain degree of cynicism that the project could be completed in the amount of time proposed and within budget.

“Delays in getting the project moving forward erodes confidence in City officials being able to get things done”

“Portland does not have enough people on same team”

Can't Be An Isolated Investment

Some noted the risk that the hotel alone may not spur development in the Lloyd district. It was suggested that other investments should be made in the area to ensure confidence in developers and community leaders.

“No guarantee of area economic revitalization (must quantify)”

“Risk of not doing it right – must develop district around OCC”

4. Other Notable Public Comments

“Marketing appears insufficient/poorly planned which makes projections suspect.”

“[MERC, Metro] Experience lacking in hotel operation.”

“To help finance, offer double tax bonds (or at least bonds with no Oregon State Tax) Oregonians want to be part of Portland’s growth – they will step up to the plate! China is growing rapidly, population and money, they will then start to travel and that means they are coming to the West Coast (not East Coast).”

“Union jobs for construction and Hotel operations, OCC needs HQ to survive in healthy fashion, lodging industry needs HQ to improve and sustain market.”

“Allowing casino operators to build in the Lloyd district would eliminate the need for public ownership, provide build-out of support hotels, and create a vital entertainment and nightlife hub. It would also greatly mitigate (or eliminate) the negative impact of outlying casinos – the latest of which are being talked about in the Gorge and a new mega casino in LaCenter WA.”

“Concern with Revenue bonds absorb positive tax revenues so other VDF beneficiaries suffer (current roll-off goes – PCPA, RACC, etc).”

“Gets built without marketing dollars; paper reinvestment in Lloyd District development, and not fixing OCC funding problems.”

“Not unique (potential); branded hotel (Westin) operates just like anybody else.”

5. Appendix

Comment Card Responses

1. What benefits (if any) do you see from this project?
 - Jobs, jobs, jobs
 - More outside money for small businesses, we can compete with San Francisco and Seattle; more construction jobs and employment
 - Construction jobs, full time employment, improvement of neighborhood, improvement in number of conventions
 - Economic development for Metro and State, redevelopment and catalyst for Lloyd and OCC URA; OCC maximize use intended
 - It will bring a significant amount of new spending to the City, increased visitors, increase occupancy at other hotels, it will provide a needed shot in the arm to the Lloyd District.
 - The hotel represents an opportunity to make the convention center more competitive trying for more national, international and regional conventions.
 - Economic development
 - Increase jobs, construction and operations as a hotel, increase utilization of Port of Portland airport, max, protects investment in OCC.
 - Confidence building for neighborhood and catalyst for additional development
 - More jobs, more revenue to the City and the County, more construction jobs, economic growth for the area
 - Very positive impact on jobs and community growth from construction and into servicing large shows, it will kick start economic growth throughout the City, Lloyd district, Downtown hotels, etc.
 - Necessary to optimize OCC, will revitalize area

2. What downsides (if any) do you see in the options being considered?
 - None
 - 600 rooms is too small (build the 600 rooms now and a twin tower next to it for another 200) or just build an 800 room hotel now.
 - Hotel not large enough, should be 800-1,000
 - None
 - Very important to ensure the proposed hotel is large enough, it is too small, it will not have any effect.
 - The risk of building the hotel appears to be minimal as it would retain value and help stimulate private development in the immediate vicinity.
 - 600 rooms might be too few
 - Delays in getting the project moving forward erode confidence in City officials being able to get things done.
 - Hotel not big enough (need 1,000 rooms)
 - Public perception of publicly funded hotel, how do we communicate the need, 600 rooms is probably too small, if there is a plan for 800 it should be from the start.
 - None

3. Other questions or comments
 - What the hell has taken so long to get this job done, just do it.
 - To help finance, offer double tax bonds (or at least bonds with no Oregon State Tax) Oregonians want to be part of Portland's growth – they will step up to the

- plate! China is growing rapidly, population and money, they will then start to travel and that means they are coming to the West Coast (not East Coast)
- o Union jobs for construction and Hotel operations, OCC needs HQ to survive in healthy fashion, lodging industry needs HQ to improve and sustain market
- o Now is the right time!
- o Think Big!
- o Allowing casino operators to build in the Lloyd district would eliminate the need for public ownership, provide build-out of support hotels, and create a vital entertainment and nightlife hub. It would also greatly mitigate (or eliminate) the negative impact of outlying casinos – the latest of which are being talked about in the Gorge and a new mega casino in LaCenter WA.
- o It would be a challenge to get the public on board if public finance is used.

Prioritized Benefits and Downsides (reported by small group facilitators from discussion groups at 8/15/07 workshop)

Benefits

Attract new people to Portland from across the country

Enhance economic development by:

1. creating new jobs (x4)
2. more commercial development on the east side and nearby neighborhoods specifically (x3)
3. more residential development in the Lloyd District
4. improving job security for employees in the district in the future

Attract more events to the Rose Garden

Build confidence in the Lloyd District/Portland for moving ahead economically locally and nationally

Protects public investment already made (OCC)

Leverages value of transportation network (MAX and bus) nearby

Attract additional conventions

Grow economic base of Portland and region – both in terms of jobs and visitors

Improve image/perception nationally and internationally as a world-class city

Downsides

Increased traffic problems

Takes business away from other hotels

Potential financial risk drawing opposition from public skeptics

600 rooms too small, need to go to 800 rooms (x2)

Delay in going forward with this project will increase costs and create more disruption

Challenge due to the political layers/multiple governments involved

Challenge getting buy-in from public on how to pay and to understand benefits

Challenge in that this project by itself does not guarantee area revitalization

Potential large political risk and could jeopardize other public investments

Risk of building it without proper marketing dollars and investments in Lloyd District area (x2)

Revenue bonds absorb all the potential capacity/limit options, which may be needed by other needed projects

Waiting until 2011 to open may be too far out, need to build sooner

Table Discussion Easel Recordings

| Pros/Benefits | Downsides |
|--|---|
| 1. Economic Driver o Opportunity cost | 1. 600 rooms may not be big enough |
| 2. Large catalyst o Spans many industries | 2. Delayed completion o Cost of construction goes up as time goes on |
| 3. Market Oregon o To business owners, too | 3. Does analysis account for labor coming into PDX? |
| 4. Adds jobs/stability to job market o To future retirees | 4. Marketing efforts appears insufficient/poorly planned o Makes projections suspect |
| 5. Added ease of convention access/planning | 5. Economic hit on other hotels |
| 6. Major cash infusion due to high end, national conventions | 6. Catastrophic event could destroy revenue o Becomes major public burden |
| 7. Additional tax revenues | 7. Experience lacking with hotel operation |
| 8. Increased local business from imported labor | |
| 9. Increased tourism | |
| 10. Care has been taken to minimize tax payer risk/burden | |

| Pros/Benefits | Downsides |
|--|---|
| 1. Economic Engine o From home/PDX o From outside-tourism | 1. Not big enough |
| 2. Economic/Job Stability for Future o Retirement o Community enrichment | 2. Delayed completion |
| | 3. Marketing effort insufficient/wrecks the whole party |

| Pros/Benefits | Downsides |
|--|--|
| 1. Grow City and Region's Economical Development o Job growth across a wide set of industries | 1. Commits public funding capacity that could go for another public project. |
| 2. World class city, putting Portland on the map | |

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| 3. Maximize use of convention center | |
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| Pros/Benefits | Downsides |
|---|---|
| 1. Creating jobs by building hotel | 1. Commits public funds; capacity that can possibly go for another project. |
| 2. Critical mass of business | 2. Temporary drop in room occupancy. |
| 3. Multiple industries (hotels, restaurants, theaters, taxi) | 4. 600 rooms might be too small |
| 5. Will support current hotel business | 6. Lack of public understanding for the need of a publicly supported hotel. |
| 7. Induce demand | 8. Smaller property doesn't give the ability to attract large conventions. |
| 9. Economical development will be induced for Portland, region, state | 10. Smaller property can't be marketed to the majority of conventions. |
| 11. Community development catalyst for the Lloyd District | |
| 12. Economic boost to Lloyd District | |
| 13. Missing opportunity for national conventions | |
| 14. Assist us to becoming a nationally known City | |
| 15. Short-term losses will be out weighed by long-term gains. | |

| Pros/Benefits | Downsides |
|---|---|
| 1. Conventions | 1. Too small/ 800-1,000 rooms |
| 2. Local property improvements | 2. Depress surroundings hotel business |
| 3. Confidence building projects/revitalization of the area | 3. Not enough overflow rooms |
| 4. Outside money to small business | 4. Any delay in getting the project moving will decrease confidence in the area (better build now). |
| 5. Uniquely Portland Hotel | 5. Potential of non-performing property in 10-20 years |
| 6. Local jobs (construction, etc). | 6. Potential of poor management |
| 7. Port of Portland | 7. Prefer public/local operations |
| 8. Max, streetcar/public transportation | 8. Potential of duplicate other City's model |
| 9. Put Portland on the map to _____ on choice (room is crucial) | 9. Not unique (potential); branded hotel (Westin) operates just like anybody else. |

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| 10. Increased visitors | |
| 11. Revitalize Lloyd District | Questions |
| 12. Potential sale in area 10-20 yrs. | 1. 800 rooms; how to finance it so they can all be done at the same time? |
| 13. Over 80% of convention hotel involves public dollars/common practices | 2. We have to compete with West Coast cities (Seattle, SFO) |
| 14. Protects Investment already in OCC | 3. Casino (making it feasible for private sector to build the hotel). |
| 15. Use underutilized facilities | 4. Leasing space in the hotel to business to provide revenue for the City. |
| 16. Potential of competing with other West Coast destinations (Seattle, SFO) | |

| Pros/Benefits | Downsides |
|--|---|
| 1. Business Advantages | 1. Private Investment |
| 2. Potential high return on investment | 2. Loss of revenue at local area/established hotels |
| 3, Creation of jobs (during & post const) | 3, No guarantee of area economic revitalization (must quantify) |
| 4. Easy access to convention (close proximity) | 4, Lack of leadership from City Hall in the success of this endeavor |
| 5. Increased neighborhood growth (economic) | 6. Political layers in public project |
| 7. Increase residential possibilities | 7. Challenge in education of the citizens of region for public buy-in WIIFM? Who is paying? |
| 7. MAX accessibility and Downtown | Other |
| 8. Highlights Downtown Portland | 1. Recommend larger than 600 rooms |
| | 2. LEED Green/Sustainability |

| Pros/Benefits | Downsides |
|--|---|
| 1. Attract new people to Portland – new real estate, Retail market, economic development | 1. Traffic problems, increased traffic |
| 2. Spur retail development; lead to more activity to the area; more condo development; commercial redevelopment and residential development in immediate area. | 2. Could take business away from other hotels |
| 3, Can attract more events to Rose | 3, Opposition to public financing |

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| Quarter district (NBA All-Star Game) enhance national recognition, pride, exposure. | |
| 4. Encourages hotel upgrade – increased competition | 4, Potential financial risk |
| 5. Increased tax revenues | 5. Potential to bring in corporate box stores instead of local specialty stores |
| 6. Source of community pride | 6. Skepticism to this being a public project. |
| 7. New Jobs | |
| 8. Potential to attract/bring new industry | |
| 9. Could help float all industry up – boost hotel demand | |
| 10. Increase transit riders | |
| 11. Project has potential to pay for itself. | |

| Pros/Benefits | Downsides |
|---|------------|
| 1. Direct money for construction contracting to local communities | None Noted |
| 2. Local jobs for local people | |
| 3, More national conventions = more people + more dollars | |
| 4, Hotel puts foothold so Portland stays attractive for national conventions | |
| 5. Max benefit and use of investment in existing venue and infrastructure | |
| 6. National conventions generate need for hotels/room. | |
| 7. Hotel first step in spurring area redevelopment of Lloyd District. | |
| 8. \$ investment stays in the community | |
| 9. More people to use and \$\$ support streetcar | |
| 10. Conventions here/visitor dollars, economic improvement to overall region. | |
| 11. Benefits Lloyd redevelopment, local district | |
| 12. Maximize previous \$\$ investment in OCC infrastructure | |
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| Pros/Benefits | Downsides |
|---|--|
| 1. More visitors support area tourism offerings and attractions | 1. Political large risk if failing to predict long term financial outcomes |
| 2. Spread money around City | 2. Jeopardize public's willingness to make other investments that might be needed in the future. |
| 3, Visitors will come early and stay later if packaged Correctly "destination" | 3. Credibility issue with public |
| 4, Packaging/hotels; area around OCC/hotel | 4. Gets built with/out marketing dollars; paper reinvestment in Lloyd District development, and not fixing OCC funding problems. |
| 5. Whole City benefits – helps diverse business and industry | 5. Concern with Revenue bonds absorb positive tax revenues so other VDF beneficiaries suffer (current roll-off goes – PCPA, RACC, etc) |
| 6. More jobs – service – real jobs | 6. If Portland doesn't do it, we lose status as national destination – 4 th tier |
| 7. Economic benefits – more tax revenues | 7. Lower occupancy for other hotels (private) impacts of rate (-) |
| 8. \$ investment stays in the community | |
| 9. More people to use and \$\$ support streetcar | |
| 10. Conventions here/visitor dollars, economic improvement to overall region. | Concerns |
| 10. Benefits Lloyd redevelopment, local district | 1. 600 Rooms is a start for Portland – we will need more over time |
| 11. Maximize previous \$\$ investment in OCC infrastructure | 2. Risk of not doing it right – must develop district around OCC; |
| | 3. Portland does not have enough people on same team |