



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND,
OREGON WAS HELD THIS **7TH DAY OF AUGUST, 2002** AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Saltzman and
Sten, 3.

OFFICERS IN ATTENDANCE: Karla Moore-Love, Clerk of the Council; Ben
Walters, Senior Deputy City Attorney; and Officer Peter Hurley, Sergeant at Arms

		Disposition:
DUE TO THE ABSENCE OF TWO COUNCIL MEMBERS NO EMERGENCY ORDINANCES WERE CONSIDERED THIS WEEK		
ALSO, ITEMS WERE NOT HEARD UNDER A CONSENT AGENDA		
COMMUNICATIONS		
963	Request of Richard Koenig to address Council regarding his public right to use City streets versus a license to drive (Communication)	PLACED ON FILE
964	Request of Bill White to address Council regarding a simple prayer (Communication)	PLACED ON FILE
TIME CERTAIN		
965	TIME CERTAIN: 9:30 AM – Portland Oregon Visitors Association review of the last three years (Presentation introduced by Mayor Katz)	PLACED ON FILE
REGULAR AGENDA		
966	Accept bid of ThyssenKrupp Elevator Corp. for elevator cab upgrades for 5 Smart Park garages for \$635,100 (Purchasing Report - Bid No. 101542) (Y-3)	ACCEPTED PREPARE CONTRACT
Mayor Vera Katz		

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<p>967 Amend the Portland Zoning Code, Title 33, to comply with the water quality requirements of the Urban Growth Management Functional Plan Title 3 along the Willamette River (Second Reading Agenda 911; amend Title 33) (Y-3)</p>	<p>176784</p>
<p>968 Grant a ten-year property tax exemption to Hoyt Street Properties, LLC for new multiple-unit housing on the block bounded by NW 9th, 10th, Northrup, and Marshall Streets (Second Reading Agenda 929) (Y-3)</p>	<p>176785</p>
<p>969 Amend Property Tax Exemption for Residential Rehabilitation and New Construction of Single-Unit Housing in Distressed Areas, to carry out the recommendations of the Housing and Community Development Commission (Second Reading Agenda 930; Repeal Ordinance 176378 and amend Code Chapter 3.102) (Y-3)</p>	<p>176786</p>
<p>Commissioners Francesconi and Saltzman</p>	
<p>970 Assess benefited property for the costs of constructing water main improvements in the SW Arboretum Circle Water Main Local Improvement District (Second Reading Agenda 954) (Y-3)</p>	<p>176787</p>

At 10:24 a.m., Council adjourned.

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WEDNESDAY, 2:00 P.M, AUGUST 7, 2002

**DUE TO LACK OF AN AGENDA
THERE WAS NO MEETING**

GARY BLACKMER
Auditor of the City of Portland

By Karla Moore-Love
Clerk of the Council

For discussion of agenda items, please consult the following Closed Caption Transcript.

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Closed Caption Transcript of Portland City Council Meeting

This transcript was produced through the closed captioning process for the televised City Council broadcast.

Key: ***** means unidentified speaker.

AUGUST 7, 2002 9:30 AM

Katz: All right, everybody, the council will come to order. Karla, please call will the roll. [roll call]

Katz: Mayor is present, commissioner Francesconi is on vacation. All right. We will have communications, 963.

Item 963.

Richard Koenig: Good morning, Portland. And city council and commissioner of police. I'm going to share with you -- and I really want to appreciate the commissioner of police and expect the camera to give her full credit today. Thank you. I'd like to share with the city council a public records demand, actually it's freedom of information act request, because it's going to go to federal. This is to the administrator of the u.s. Department of transportation. I'm not confused. Though to look at my congressman's referral to your office one might so assume. Congressman blumenauer's office thinks that I want, quote, information regarding public use of the highway by motor vehicles, closed quote, and has referred me to your office because his office can't find anything matching what they think i'm looking for. Motor vehicles are the subject of regulation. Vehicles used by the public in the usual manner are not regulated, generally, and are not, therefore, referred to as motor vehicles. Though many do have engines. Please lend assistance to my congressman as he does sit on the transportation committee. My home state of Oregon has long been a signatory to the interstate commercial compact governing the use of motor vehicles, so our vehicle code closely resembles that of other states. Case law in Oregon as recently as 1967 has held that not all motor vehicles are motor vehicles for purposes of the vehicle code. The distinction being that motor vehicles transport passengers and freight for compensation. While this is all clearly laid out in our general laws of Oregon 1925, our legislative council committee has had trouble revising the statutes so the legislative intent remains as clear as the original enactment. The plain wording of the Oregon revised statutes at 801.305 is highways are all the places within the boundaries of the state open, used or intended for use of the general public for vehicles and vehicular traffic as a matter of right. Though many school children know the difference between a right and a privilege, those who did not learn the difference steadfastly maintain that one must purchase the privilege, a driver's license, to exercise the right. I therefore find it necessary to make this freedom of information act request for documents which describe the regulated motor vehicles and subject class of drivers, which the state of Oregon was to uniformly regulate and license as a result of voluntary participation in the programs of the inner state commerce commission as described as title 49. Please provide the dated document which Oregon has -- on which Oregon has acknowledged acceptance of the terms and conditions of the federal programs. There's one more thing I think the city should know i'm going to request, just for the record. I want also, i'm particularly requesting any document which exempts Oregon and allows them to regulate, allows the state to regulate its public use of the highway for vehicles. If we don't have such an exemption, well, we're going to come to some resolution here.

Katz: Thank you.

Koenig: Thank you. See you next week.

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Katz: 964.

Item 964.

*****: Good morning.

Katz: Good to see you.

Bill White: In the book of first timothy chapter 2, verses 1 through 4, it reads, I extort therefore the first of all supplication, prayer intersection giving of thanks be made for all men and women. For kings and for all that are in authority. That we may lead a quiet and peaceful life. For this is good and acceptable in the sight of god, who will have all men to be saved and come to the knowledge of the truth. I just ask that -- pray my specific prayer for you today is just the blessing of the god and you guys continue to have this wisdom and knowledge to make your job and your life a lot easier. I know you deal with a lot of stress and criticism all the time. Everyone wants to criticize everything you do, and I pray the criticism kind of winds down so you guys can do your job and have a clear mind. So father, we thank you right now for the mayor and the city commissioners, we ask that you bless their decisions, bless their minds, their staff and give them goodly wisdom, knowledge and understanding. And in your son's name I pray, amen.

Katz: Thank you. Very sweet. Thank you. All right. We don't have a consent agenda because we don't have four of us here. 965.

Item 965.

Katz: Let me open it by saying that you're going to hear from joe today and his team, you're also going to hear about the efforts that we all have made after september 11th last year, and the fact that Portland has -- this is the good news -- outperformed most of the rest of our west coast competitive cities, and we always like to say that's wonderful, but how and why, and we're going to hear about your whole year and what's been happening. So introduce your team and we have a short agenda, so do a full presentation for us.

*****: We'll bring you lunch around noon, and then we'll continue on from there. [laughter]

Susanne Miller, Portland Oregon Visitors Association: Good morning. My name is susanne miller, and in my regular job I work for the port of Portland, but it is a great honor for me to be serving as the board of directors of the Portland, Oregon, visitors association this year. It's also my great honor to be working with such a great and well respected staff. I -- we have a delegation here this morning i'd like to introduce to you. I think you all know joe, the ceo of the organization. We also have brian, the executive vice-president of sales and marketing, carol lents, the executive vice-president of services and operations, and also joining us today is roy jay, the ceo and president of Oregon convention services network. As you mentioned already, mayor, what we're planning to do this morning is talk a little bit about the past year and how Portland, like most all the other cities essentially in the united states were affected by the tremendous events of last september 11th, but as we've started into recovery and our industry is recovering, we're actually seeing that things might be a little better than we had originally hoped. So joe is going to give you some background on that as well as talk about the outlook for the industry and some of our plans.

Joe D'Alessandro, Portland Oregon Visitors Association: I'm going to refer to this binder that I provided to you. What this binder is is actually a bid book. When we go to solicit a group for a convention or a major meeting, we will put together the proposal from Portland in this bid book. But as you can see throughout the book, it communities how we position Portland. Our slogan, it's not easy being green, was started about two years ago after extensive research with our customer base. We did national consumer surveys, we talked to meeting planners and convention delegates. We didn't want to come up with a positioning state and a brand that was created in a vacuum in an advertising agency and tried to be forced on our customers. We wanted to find out what the customers perceived Portland to be, what our real authentic product was and how best to position us for future growth. And so many cities and so many states have tag lines that you could take the

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city's name out and put another city in you would never know what it is. But after extensive research we came up with, it's not easy being green, for a lot of reasons. It communicates the greenness, the literal greenness of the area, it communicates the environmental sensitivity of the area, and communicates the weather. We want to have fun with it. It also communicates the quirky nature of Portland. And it's something I think that has been received extremely well with our customer base. And has actually helped us better position Portland and get new conventions. In fact this week alone we booked the green buildings convention which is coming to Portland, 9,000 room nights, which is a big piece of business. We appreciate your help on that, but it is an example of how we're able to position ourselves very uniquely here. In this book is three basic sections I'm going to talk about. First, with our contract with the city for the last three years, we have some very specific performance measures in the contract. I'd like to review how we did on those three years, and talk about this last year and a specific position of where we look like we're going in the future and how Portland is faring. Briefly the first tab has the results of our performance for the first three years. I'm not going to go into great detail because the numbers are all there. But each one of the three years, including this last year with the tremendous challenges that we faced, we have performed better than the goals and we're very proud of that. I want to give you the 2000-2001 goal and the 2001-2002. Our goal was to generate \$29.80 to every dollar invested by the city as a return on investment. Generate that much additional business into town. Last year -- 2002-2001 we were able to exceed that by generating \$33.84 cents in business for every dollar the city invested in that, that was 2000-2001. I'm even more proud, though the result is slightly less, of last year. Our goal was \$30 for every dollar the city invested and the result was \$30.79. Again, surpassing that goal. What's exceptional about that is this last year took in the faltering economy and the post-september 11th travel slowdown. And -- which hit this industry not only dramatically here in Portland and around the country, but around the world. The fact is we were able to meet the goals you laid out for us, even through -- even through the most challenging year the industry has faced, I think that's something we as a community can be proud of. The next pages talk about the return on some of our other programs. You've asked us to calculate the economic value of each one of these programs that we do, whether they're promotional programs, pr programs, or whatever. The next few pages talks about that. And, for example, again, I want to talk about last year. On page 3, we have the big deal program, which was a winter promotional program that we market to a drive market primarily from the puget sound down to northern california. We're trying to encourage people that live close in to come to Portland and spend money and shop and go to the arts activities for the weekend, or during the week. This was launched on september 10th of last year. And went through the end of may. We actually surpassed the previous year's total sales for people coming to Portland, generated about 10,000 room nights and I have visitation, which was tremendous considering what we were fighting against. We were fighting against the dramatic downturn in september and october, but we were able to increase the number of people that came to Portland during that time. Our goal was \$16 return for every dollar invested, and actually the return was \$40.39 to every dollar invested. We were able to leverage that when people were hesitant maybe to get on an airplane last fall, to really focus on a drive market, to kind of turn that around and get people to come to Portland as a result of that. You've asked us to conduct surveys of our membership, which we have done, and the results are here, to find out how satisfied our members were with the services we provide. 97% of the respondents said the staff was extremely helpful. We felt pleased with the results of that survey. You've asked us to ensure we have broad representation of businesses and organizations for Multnomah, clackamas and Washington counties, and we do. We have over a thousand member organizations and the breakout is listed here. 667 for Multnomah county, 92 from Washington county, 80 from clackamas county and the rest from around the state and around the region. You've asked us to ensure that we have a percentage of minority and women-owned businesses to ensure

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they represent the broad spectrum. Currently 18% of our membership is minority and/or women-owned, which we believe is well above the averages. And you've asked us to work with the state and other partners to develop marketing programs, which we have, and we've surveyed that. You've asked us to do surveys of stakeholders, which we've done, and we're currently doing one with more information right now. And finally, you've asked us to make sure that we are doing a good job with our ethnic marketing, both in the leisure side and convention side, and as you know, we've had a partnership with the Oregon convention and visitors services network with Roy Jay here for a number of years, and we are making great headway. You'll see in the back of your packet some of the ethnic brochures of how we position Portland's ethnic communities and how we can encourage visitors to come and visit parts of the communities. Those were done in partnership with the Oregon convention visitors services network and they're very nice brochures that give a different flavor and feel for Portland.

Katz: Very nice.

D'Alessandro: Also, we have recruited more minority and women-owned businesses and done a great job of soliciting minority businesses. I'm sure you're very familiar with the national forum for black administrators that came here, and had an exceptional convention. We want to thank Roy in partnership with the city for putting that on. Any questions about the last three years? I want to talk about last year. The next tab is our first cut of our annual report. We'll have it online on Monday. It gives this very specifics of last year. I have to stress how traumatic last year was to our industry.

On page 5, and for many in the hotel business you really count how many hotels nights you've sold. That's the bread and butter, how you really tell how many people you're bringing into town. At the bottom of page 5, we talk about convention room nights booked. Despite the fact from mid-September through October no commitments were made, very few conventions were being booked at that time because people didn't know what the future was going to hold, the fiscal year ended selling over 300,000 room nights, which is more than the previous year. Which is a phenomenal accomplishment. And we're very proud of that. A lot of it has to do with the ability to sell the new convention center, a lot of it has to do with a comfort level of the new hotel product, and the new hotel product, the new visitor product in Oregon, and a lot has to do with the fact we're a second tier city and people were feeling more comfortable about going to second tier cities during -- booking their conventions there at the second half of the year too.

Katz: Second tier is not second rate, right?

D'Alessandro: No. It's just not the big traffic-filled, smoggy cities. Continuing on, on page 7 on the annual plan, I want to highlight a couple things. Our website has really boomed in terms of user sessions. In one year we went from 700,000 user sessions, these are not hits, but user sessions where people are spending time booking rooms or finding out information, to over a million. Which is a 53.6% increase in a year, which is really quite phenomenal. Our communications program last year has been exceptional. You've seen a lot of the articles that question have been very actively -- we have been very actively involved with placing, whether it's "Money" magazine, travel and leisure, "New York Times," "L.A. Times," we've really had a successful year in getting a tremendous amount of publicity in the media nationally, which really leverages the fact we don't have a lot of money to do advertising, so we really count on the PR. Efforts to communicate Portland to a national and international audience. We have had a great year doing that. This on page 8 profiles some of the publications we're on. And I think this week every morning we have a Portland bid on -- bit on CBS, "The Today Show," every morning there's a vignette leading into commercial about Portland. And they were here about a month ago and they filmed the keeper at the Oregon Zoo, and they would go into Powell's books. And every day this week they're showing those on the Today Show. We'll have the reel of the whole week of that to share later on. We operated Ticket Central as part of our information center. On page 9, our increase in selling tickets

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to performing arts venues or attractions has increased 149%. A lot of that has to do with the fact our visitor information center moved to oh, no wonder you're not having these things here. Sorry. A lot of that had to do with the move of our center to pioneer courthouse square h we were at our old center at waterfront park, we saw about 125,000 visitors a year. We projected with the move to pioneer court house square that we would see about 250,000, doubling what we saw at the old visitor information center. But what we ended up seeing was almost 600,000 visitors. It just blew our projections --

Katz: And some of them were awake.

D'Alessandro: Exactly. And it's been -- [laughter]

Katz: Sorry, joe.

D'Alessandro: It's been tremendous. We have had a huge increase in visitation. What's interesting is we also have a large number of locals who come down there, finding out information about what's going on in Portland. They did not necessarily were not aware of our other center, and they would bring a ticket for event, we have half price same-day ticket sales going on, so people will find out what's going on, buy a ticket for a performance that night, and it's been a great thing for the local community too.

Katz: We have half price same day?

D'Alessandro: We do. I haven't seen you in there buying tickets.

Katz: I didn't know you were providing that kind of service.

D'Alessandro: Yes, we do. We do it for the large shows and also the off Broadway productions in town. So it will go any time it will be a different availability of what would be available down there. But we do have that for locals and visitors too.

Katz: And you can get them at the location.

D'Alessandro: You can only get them at the location. First come, first served, whatever is available, whatever is provided to us by the theater companies.

Katz: Okay.

D'Alessandro: Two things I want to point out. There's one of them highlighted on page 5, and one is highlighted on page 10. This is the second tab. This last year our sales and services team have won two major industry awards. One is the inner circle award, which is given from nominations received by readers of association meetings magazine, and they blindly vote for the convention and visitor bureaus in the country they think provide the best service and do the best job. And we received inner circle award, which is highly coveted in our industry. On page 10 in the middle of the page it says the readers of readers and conventions magazine selected us for the 2002 gold service award for cdg. With our size and budget which is quite small, we're very proud to be able to receive this kind of recognition from readers of these major magazines who are our customers. Right after our annual report I have a copy of our business plan, which you've also asked us to provide outcomes for every program that we do. And those programs are listed in this business plan. We are currently in the final year of this business plan, and working to develop the new plan for the next fiscal year that starts next June. We also conduct surveys. You had asked us in the performance measurements to conduct six surveys a year to groups that leave Portland and ask us -- ask them what they thought of their experience, what they thought of the services that pova is providing to them. Attachment a is an example of that. We actually survey now every single group to come to Portland, share that information with partners, so we can make sure we're always providing the service. But this is just an example of some of the results of those surveys. And they are very helpful, because they enable us to provide more better service, they are able to hotels to know what they did right and wrong, the transportation operators, whether they're tri-met or private, the attractions, whatever. It helps us provide good feel of what our customers feel about it. What I want to do next is talk about kind of where we are today and what our future is. I'd like to introduce

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the other pova staff person, jean, who is my assistant. She's going to power the power point and we'll -- i've got some things I want to talk about in there. The first chart talks about the travel spending in the region last year. It says Portland metro travel impacts by county, 2000. At the very bottom you'll notice it's estimated that we stayed flat in 2001. That's again an accomplishment.

We have been seeing growth every year of about 7 to 10%. And we were fearful will that we would end 2001 with a serious decline because of the events of the fall. But what we were able to do is stay flat. The travel spending in Portland metro was \$2.4 million. Of that Multnomah county got 1.8 million, Washington counsel toy about 360 -- 1.8 billion, excuse me, and Washington county got 360 million and clackamas county got 311 million. It also breaks out the employment, the local taxes, and the state taxes generated by visitors in each county. Portland and Multnomah county clearly gets the vast majority of visitor dollars spent in the region. But statewide we generate about 35 to 40% of all tourism revenue in the state is spent in the Portland metropolitan area. The next chart gives you an idea of our hotel revenue last year versus the year before. If you could see, we were already starting to see a flatness in growth because of the economy. July was flat, which typically we'll see the year-to-year up, but july of 2001 was flat over july of 2000, and that -- a lot had to do with the slowdown in corporate travel and business travel and the impacts of the economy. We were feeling it before september. If you look at what happened in september, and the drop was huge. The travel basically after september 11th just fell off the cliff. It was very small, very minor amount of travel, a lot of it was local travel. And our revenues really took a fall from that. And you felt a decrease in room tax collected by the city result immediately after that. October started to improve a bit. As you see, if you go through november got a little better, december got a little better, january, february was inching back up. We had a drop in march, april caught up to last year, and may and june are again picking up slowly. We're finding, and i'm going to show you a couple of surveys, monthly reports, we're finding the demand for Portland now has catching -- is catching back up. The number of hotel rooms is catching back up. Because the price of the hotel rooms has dropped, and therefore the room tax collection and total revenue has dropped because of that. And it's going to take the economy to get back on track to have those room rates go back up to previous levels. If our roommates were at levels of a year and a half ago, our actual room revenues and room tax collected would be up over last year at this point. This gives you an example, this next chart gives you a specific example, there's lots of numbers, but the one that's really I think important to look at is the rooms sold, which is about the 10th column over. This compares Portland on the very bottom with the other major cities in the west that we compete with. This is october of last year compared to october of the previous year. You could see in october, Portland was down 9.2% in rooms sold. That's the number of hotel rooms sold during that month. But if you could look at the drop in the other major cities, san francisco was down 30.7%. Seattle was down 15.9. San diego was down 15.3. Los angeles was down over 20%. Anaheim was down 18%. Portland was able to recover quicker than those other major cities in the west. I'm going to jump to january. Will if you look at that same rooms sold period, we were down in january just 1% over the previous year. Again, the average room rate fell, but the rooms sold was down just 1%. San francisco was still down 20%, denver was down 11%, anaheim was down 7%. Again, to give you a feel. I'm going to jump to march. March we were down again. Down 6%. But so was the rest. The only city that showed an exception to that was anaheim, which was pretty flat over the year before. The important thing to look at these previous charts, our room tax is collected on a quarterly basis. What we see on the second quarter of a calendar year, the city actually will receive the following quarter. So this research information actually helps you to anticipate future room tax collections as you'll get it a quarter in advance. The next one is may. Our rooms sold was down 4.1%, again, we were performing at or slightly better than the competitive cities. The final one I want to show you is june, our most recent one, where we're actually up. Rooms sold were actually

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up over the previous june, which, again, is a good sign, headed in the right direction. Unfortunately, our average room rate is down 4.7% over last year. So the total tax collected will be slightly down, but we're catching back up again. We ended last year's fiscal year in room tax collections in Portland down 6.5%. Again, that is much better than room tax collection reports in other cities, because the room rate drops were more dramatic in other cities. San francisco and san jose, for example, were down about 30% in room tax collections, so the fact we were down only 6.5% in Portland is an encouraging sign. We didn't have as big of a fluctuation. This tells you in the last year how we were able to sell conventions. We -- the total number of conventions that we booked last year was 316. That compares to 298 the year before. The total number of citywide conventions that use the Oregon convention center and a variety of hotels is the one in the middle, occ, which is year before were at 39, and last year we were booked at 44. The good news is the expansion of the center is working and we're able to book larger groups and more groups simultaneous groups because of that expansion, which will be open next year. The next one. This one real quickly is a total room nights booked from last year, which is again, a major accomplishment considering the year, the top there tells you how many of those were Oregon convention center groups and single hotel conventions, but over 300,000 room nights booked, which is a number we haven't seen in more than a decade. This tells you how we're looking out in the future for Oregon convention center. 2003 is going to be a good year. It's going to be a strong year in group business. 2004, 05, and 06 we're seeing the number of conventions booked. One change we're finding in the marketplace now is because of the economy and because of the uncertainty after september 11th, the conventions are booking shorter in and it used to be they would book ten years out. Now they're waiting longer, so they're coming in much closer. So we're finding conventions booking next year and the year after, which five years ago would have been unheard of. This next one is an important chart. This tells us the reasons we lose conventions. We survey every group that picks us and every group that says no. It tells us why they say no. Why Portland doesn't work. If you look at the first one, the larger facility, since the Oregon convention center expansion began, that is becoming a moot issue now. We finally are able to say our facility is large enough to accommodate this group, and that is becoming a nonfactor. Cost and rate also is becoming less of a factor. Our -- with the room rates flattening out and the costs being more competitive. The biggest issue by far is the lack of a convention center headquarter hotel. That's increasing in terms of lost business. Last year we lost -- I would need a magnifying glass to read that number. 236. 236,000 room nights because of a lack of convention center hotel. It's a major factor. As other cities get their hotels built and it becomes a bigger factor for us. The last one is no dates available. Again, it's becoming a moot issue because there is more space in Portland now with the expansion of the convention center, and other hotels, so that is becoming less of a factor. By far and away the issue is the convention center hotel. Last thing here is just want to show you one of the ads we're running that shows how we kind of try to position Portland a little quirky and different from everybody else. This one has a picture of downtown Portland with a falcon that just devoured a pigeon. It talks about Portland's obsession with hospitality tends to ruffle a few feathers. The whole point is that we have learned to live within the environment and we have learned to have falcons living downtown. And it talks about how we make everybody feel comfortable and make a home for visitors or for endangered species. And the important thing is when this ad ran in one of the major national publications, we were competing against some very sexy destinations, jamaica, and europe. This ad had the highest recall of any single page ad in the book with a very positive -- they said they're -- they don't take themselves too seriously, they try to talk about who their community is and what's important to them. They're a very environmentally friendly community and it had a very positive read. If we look like everybody else we'd lose. We

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would not make it. So we try to position Portland a little different than everybody else. This has been received very well.

Katz: May a falcon leave a calling card.

D'Alessandro: Exactly. A couple of things that are issues for us and concerns out there. One, the convention center opens on april 7th, 2002. We're very excited because we're on schedule, and we are on budget, and we have been successful in booking the kind of business that we want to see out there. We're still continuing to work very hard about that, but we are on schedule and on budget, and it's going to be a beautiful building. You can see the exterior coming together. The interior has some phenomenal art in it, and part of the opening of the building will be a total renovation of the existing building so there will be new carpet, new wall coverings, when a visitor walks in it's going to look like a brand-new convention center, it's not going to look like the old wing and the new wing, it's going to be completely brought together. It already is dramatic, but it's going to be exceptional. The views of downtown from the ballroom foyer are exceptional. You'll be able to see the east side with the glass wall against martin luther king boulevard, it's really going to be an exceptional building. Our priorities continue to be the need for a convention center headquarter hotel. You've heard me say that over and over again, but it is, as you can see, the biggest cause for lost business. Recently you appointed a panel to look at economic development in Portland, and the region, and I was pleased to be able to serve on that blue ribbon committee. But also to serve on the tourism subcommittee, and the tourism subcommittee looked at a variety of issues that yes important to really position and make sure that Portland was successful, and the number 1 priority that came out of that committee was the need for a headquarter hotel. And that was --

Katz: Funny you have things like that happen.

D'Alessandro: That included hotel years and nonhotel years that felt that was the priority with some other important issues doing that. The other thing we're seeing as a growing concern --

Katz: You didn't have permitting processes --

D'Alessandro: The other thing that I want to alert you to that we're seeing is a growing concern of ours is the street disorder downtown and the perception of that. It is an issue. And unfortunately it is becoming an image problem for Portland. I don't know if you've seen the msnbc special that they run every night --

Katz: It was terrible.

D'Alessandro: It ran again two nights ago. We're getting an increasing number of visitor complaints and concerns about perception of safety. We had a group in primarily a female educators a few months ago who said they felt for the first time less safe in Portland. And we're concerned about that.

Katz: Well, you'll be hearing a little bit about that in the next couple of days.

D'Alessandro: Great. That concludes my comments. Does anybody have any questions or comments that --

Katz: I have two questions. One you won't like, one i'm curious. With the increased hotel nights, was that because of automobile travel, or plane travel?

D'Alessandro: Well, the increase was actually probably more through automobile, local travel. Suzanne can probably give us a good idea where we stand at pdx flights, but we're still down.

Miller: We were off about 30% last october, and we have gradually worked our way back up with pdx traffic and flights and we're down about 9% right now. So the focus was on the drive market because people felt safer, and I think that is a large extent of that, people driving in from the region as opposed to traveling nationally.

D'Alessandro: One other thing we did, we did -- on the air side, did partnerships with regional carriers. For example we were preferred destination with southwest's website, they did promotions

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on southwest, and southwest has held their own during this time, and they were part of our big deal program. So we focused with the alaskas and southwest, people in regional travel, because the longer haul travel suffered most during the first half of the year.

Katz: The question that I always ask you, have our regional partners decided to provide payment to pova?

D'Alessandro: Next question?

Katz: The reason I ask this question, I don't know how many years ago it was that we had our office did a thorough analysis of pova and we were very lucky then to get joe and his team to come in and really turn the organization around. But as we did that analysis, I asked the question about who's financing pova, and it ain't them. It's us.

D'Alessandro: Well, our contracts are from the city of Portland and from metro through merck, and our membership base as I showed you before, do -- does include a lot of paid members outside of the city of Portland, outside of Multnomah county. We do do cooperative partnerships with Multnomah and Washington county. Whether it's advertising partnerships or a public relation partnership, we do do a lot of those. I'm on the governor's tourism commission, which is a statewide agency, and Portland does do advertising cooperatives with the state of Oregon. In fact they're running an ad about Portland right now that was funded in part by pova and through the Oregon tourism commission. At that level i'm able to really kind of push the envelope a little bit to make sure that the state tourism agency promotes the city as well as the rural areas. I remember when I was there I think you commented about the fact that we promoted the great outdoors more than we promoted the city. So I think there's much more of a balance. In terms of just contract work, it's still from metro and the city of Portland.

Katz: Okay. Questions?

Saltzman: I was interested in the breakdown of the spending by county. I was surprised to see Multnomah county three times the amount of spending than, say, Washington county or clackamas county. Can you elaborate on that?

D'Alessandro: Yeah. I think the reason is, is that the vast majority of the hotels rooms are based in Multnomah county. Whether they're downtown central city, lloyd district, jantzen beach and the airport. When you leave that area, the concentration of hotel rooms is diminished. The only other exception is like the 217 corridor in Washington county.

Saltzman: You have a Portland metro area spending too. I assume that captures everything inside the city limits?

D'Alessandro: Exactly.

Saltzman: This other billion dollar spending is outside city of Portland?

D'Alessandro: Right. Let me go to the page specifically.

Saltzman: This is the rest of Multnomah county.

D'Alessandro: The 1.7 billion is in Multnomah county, and the 2.4 billion is the Portland metro. So the rest of it makes up about \$700 million. That's the two other counties, whether it's in rural clackamas county, or Oregon city, or whether it's in beaverton or the wine country. It's broken out through there. But because the concentration of the hotel rooms are in Portland and Multnomah county, the concentration of the other spending, whether it's retail, restaurant, transportation, is here. Just one example, rental cars. Because some of you are flying in and renting at the airport, that revenue is generated in Multnomah county. So the breakout of rental car revenue in the region is so much higher in Multnomah county simply because most people pick them up at the airport when they come in.

Saltzman: I know we're almost through the summer, and your statistics only go through the end of june, but what is your sense about how tourism is going this summer here in Portland?

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D'Alessandro: We're probably more encouraged by how the summer is going than what would I have told you six months ago. I think that the numbers aren't great, but they're at least flat over last year, which really is an accomplishment because of how far we fell after september. You know, if the economy was strong, we'd be having a great summer, because the biggest drop-off is that corporate and business traveler. They've just vanished. And that spending is vanished. The leisure traveler is coming back. And especially that regional traveler is coming back. But that corporate and business traveler here on the expense account, you know, is going out and wining and dining, it's just not there. Unfortunately that has had the biggest impact on the total spending. But we're holding our own pretty well in the leisure side, and the group side. We're having a good group summer. We had the barber shop group in town during a dead week, the 4th of july.

Katz: That was so impressive.

D'Alessandro: The pioneer court house square thing --

Katz: Absolutely filled.

D'Alessandro: And you know, people don't travel a lot to a city on the 4th of july, but we were full. We were totally full. Which really helps our revenues this year. But the group business, the convention business, the leisure business has been good. The business ask corporate travel has been off.

Saltzman: Are you able to measure when conventioners decide to stay the weekend?

D'Alessandro: We can to a degree, because we book a lot of those rooms ourselves. We have -- our housing department books the convention groups and also we have a leisure department that books the leisure side. So we can measure it, a certain percentage. We also do surveys to groups. We find a lot of the groups, the barbershop is great, because they're coming from alabama, and new york, a lot of times it's their first trip to the northwest and certainly their first trip to Portland, so because of it they're intrigued and they tend to stay longer. We do probably a better job of getting extended stays than chicago does, for example, because they've all been there before. They've seen it and we're a new experience, a new destination for them. And we do really market kind of the whole product of the northwest and encourage them, tell them about the coast, to let them know there's a lot to do here and they should extend their stay.

Saltzman: Thanks.

Katz: Any further questions?

Sten: It was so thorough, I don't have any questions.

Katz: All right. Anybody else want to testify on this report? I want to thank you and your team on your chair, you've done good work. And i've done my confessionals on tourism many, many years ago, and it truly is a targeted industry right now. And a very strong one. When the association of black administrators, what's the -- what was the actual -- came in town, I heard from sales help and other folks in north that their sales just went -- in nordstrom that their sales went sky high. Some people say tourism represents about 3% of the retail sales, which is a relatively large number. Though we have one member of the blue ribbon committee who stated to us that for her, it represents 25 to 30%. Do you want to add --

D'Alessandro: Yeah. That's an interesting statistic, because when you look at visitor spending, the statistics we were talking about, the 2.4 billion in the metro area, by far the biggest amount of that money was going to retail sales. Absolutely. Hotel accommodations is number 3 after food and beverage. So they buy, they eat and drink and they sleep. You talk to retailers in the downtown core, you're going to find a higher percentage. I think I heard at one point that the actual number of percentage of actual bodies in pioneer place was about 35% visitors, but the percentage of spending was like 55 to 60% by visitors because they spend more. When we're out of town we always buy things, we come home and say, why did we buy this? The money wants to get out of your pocket. But it's huge. And that's a great thing, because we have a very nice retail climate all throughout the

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area and the lack of sales tax is something that people think, maybe only 6% or 8% less, but they think it's 50% less and they tend to buy more than they would at home because of that.

Katz: And I try, and I hope you do too, try to promote some of our neighborhood retail opportunities, both on the east side and on the west side.

D'Alessandro: Absolutely. You can see that in our travel guides. We work very closely, whether it's alberta street or hawthorne, or belmont, or northwest, or the pearl district, or sellwood, to talk about the various experiences selling Portland. I don't know if anybody saw in sunset magazine about alberta street as a -- there was a profile about an up and coming shopping area in the west coast. I think it's great. That is one of the ways we really position Portland, because the neighborhoods are very strong and they're very unique and they're very different from a lot of other cities. And they're accessible. And so we are very active in promoting the neighborhoods as part of what the Portland experience is.

Katz: Okay. Thank you very much. This is our --

Saltzman: I really commend your work for us, the city. You really are probably our number 1 industry when you think about it, for downtown Portland. The convention, tourism business, and for the region. So you've done great jobs promoting this region, and I feel comfortable that our tourists, our visitors are in good hand when they connect with pova. I also want to commend you on your tremendous, outstanding visuals. Your graphics, your advertising and ad copy is really, it's got to be quirky to get people's attention, and it really sells Portland in its best light as well. Great work.

D'Alessandro: Thank you.

Sten: Let me chime in, it's wonderful work, and the promotion is terrific. I don't think it's happenstance we're doing better than the national average, it's because of your great work. The my to the environment and I think you've done a masterful job of trying to tie some of our selling points to things that we also want to develop as economic strategies, and I know that's not a coincidence, it's noticed and appreciated.

D'Alessandro: The comment on that, that is the first way you open the door for business. Whether it's export or people -- relocation or whatever, they have to feel comfortable with the destination. We're very focused on making sure that works together. That brand, the same brand you market a destination is the same brand you market the business recruitment and everything else in the community. That is a very important first step.

Katz: Okay. Thank you. We're not asking you about our sister city, possible sister city relationship.

D'Alessandro: That's a four-hour presentation right after this.

Katz: But we may find our first european city yet.

D'Alessandro: We're looking for it.

Katz: Thank you, everybody. All right. 966.

Item 966.

Katz: Anybody want to come and talk to us? All right. Roll call.

Saltzman: Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounded] 967.

Item 967.

Katz: This is a second reading. Roll call.

Saltzman: Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounded] 968.

Item 968.

Katz: All right. Roll call.

Saltzman: Aye. **Sten:** Aye.

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Katz: Mayor votes aye. [gavel pounded] 969.

Item 969.

Katz: Roll call.

Saltzman: Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounded] 970.

Item 970

Katz: This is second reading. Roll call.

Saltzman: Aye. **Sten:** Aye.

Katz: Mayor votes aye. [gavel pounded] thank you, everybody. We don't have any city business for this afternoon, so we stand adjourned. [gavel pounded]

At 10:24 a.m., Council adjourned.