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# 191734

Ordinance

## Authorize agreement with Travel Portland for the marketing and promotion of convention business, tourism, and overnight lodging using a sole source procurement and provide for payment

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. City Charter Section 7-113 provides that a one percent (1%) Transient Lodgings Tax on the gross rents paid for overnight lodging be collected by the City and used exclusively for promotion, solicitation, procurement, and service of convention and tourism in the city.
2. The Charter also directs the City to implement the purposes of Section 7-113 by negotiating a contract with a non-profit corporation, or with non-profit corporations, whose primary purpose during the term of the contract is the promotion, solicitation, procurement, and service of convention and tourism in the city.
3. Portland City Code Chapter 6.05, Tourism Improvement District (TID), provides that certain lodging providers located within the City are assessed a three percent (3%) license fee based upon taxable rents as reported to the Revenue Bureau, which fees are to be used for the promotion of overnight tourism and to improve the lodging business environment.
4. Chapter 6.05 requires that TID funds be managed by a "Management Corporation", which is defined as a nonprofit organization that is responsible for the promotion of Portland on a year-round basis, manages tourism-related economic development plans, programs and projects, and represents tourism-related businesses.
5. Convention business, tourism, and overnight lodging are substantial contributors to a healthy economy in the City of Portland. Successful efforts to secure convention and tourism business and overnight lodging result in increased revenues for the City through business license taxes and transient lodging taxes and fees.
6. The City has determined that services to convention business, tourism, and overnight tourism and efforts to improve the lodging business environment are in the public interest and will be for a public purpose for the benefit of the City.

Introduced by

[Mayor Ted Wheeler;](#)

[Commissioner Carmen Rubio](#)

Bureau

[Management and Finance](#)

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date  
May 29, 2024

7. The promotion of convention business, tourism, and overnight tourism and improvement of the lodging business environment are highly specialized services requiring expertise and the confidence of participating local businesses. Travel Portland, the recognized destination marketing organization for Portland, has a track record of success in the activities called for by the City Charter and Code as evidenced by the results achieved under its prior contracts with the City of Portland, which contracts were authorized by Ordinance Nos. 154720, 158721, 162143, 165571, 170317, 173432, 176591, 179383, 181845, 184963, 185635, 187792 and 190407.
8. In FY 2018-19, the last full fiscal year prior to the onset of the coronavirus global pandemic, Travel Portland's efforts to market and promote Portland as a travel and tourism destination had resulted in record breaking revenue to the City's General Fund from Transient Lodging Taxes each year for ten years.
9. Consistent with the Charter and Code requirements, Travel Portland is a non-profit corporation organized for the primary purpose of promotion, solicitation, procurement and service of convention business and tourism for the City of Portland and is responsible for the promotion of Portland on a year-round basis, manages tourism-related economic development plans, programs and projects, and represents tourism-related businesses. Travel Portland is, therefore, qualified to contract with the City for the aforesaid purposes.
10. In addition to its track record and qualifications, Travel Portland has been recommended by persons whose businesses are subject to the aforementioned taxes and fees, as the non-profit corporation the City should engage for the aforesaid purposes consistent with the contract attached as Exhibit A.
11. The coronavirus global pandemic had a devastating impact on travel and tourism across the globe, resulting in the highest levels of revenue and job losses in the hospitality sector ever recorded. With the arrival of the COVID vaccine, the pandemic's impact on travel, tourism and conventions were largely reversed by the end of 2022 in most U.S. cities. Portland is one of a few cities that have not seen a return to pre-pandemic travel and tourism activities.
12. The impacts of the pandemic were exacerbated in Portland by the extended period of civil unrest during summer and fall 2020 followed by several years of problems with street drug use, gun violence, unregulated camping, and persistent negative media coverage at the local and national level. Portland hotels, restaurants and small businesses felt these impacts and many have closed or dramatically changed their business model. Those remaining anxiously await signs of full economic recovery of the tourism sector. Continued strategic use of transient lodging tax and TID revenues to support this recovery is essential.
13. Ordinance No. 191559, approved by the Council on December 20, 2023 amended the Tourism Improvement District Code (Chapter 6.05.020 and 6.05.060) and made permanent the full 3% TID rate. This change has allowed Travel Portland to increase its ongoing commitment to partner organizations, including increasing its annual contribution to


the Portland Events and Film Office. These changes are incorporated into the contract attached as Exhibit A.

14. The contract with Travel Portland continues to recognize the unique role events, and television, film and video productions play in generating interest in Portland as a travel destination as well as the direct impact they have on the local economy. Using a portion of TID revenue, Travel Portland will support efforts by the Portland Events and Film Office to attract and book events and television, film and video productions that generate overnight stays at local hotels.
15. Historically, the Travel Portland contract has included Performance Measures as a means to evaluate and assess the success of the work performed and as a framework for regular reporting to the City. Exhibit A includes revised Performance Measures that reflect the ongoing uncertainty about recovery of the travel and tourism industry in Portland, including the City Council's desire to assure that the benefits accrue to all areas of the City and to Portland's diverse businesses.
16. Considerable additional time and expenditure of funds would be needed if other firms were required to develop the expertise necessary for this work, which Travel Portland already has by virtue of its many years of effort in the promotion of convention, tourism and overnight lodging. Additionally, no other Oregon non-profit meets the Charter and Code requirements.
17. Following the procedures allowed in PCC 5.68, this sole source contract is being acquired as an exception to the competitive selection process identified in PCC 5.68 and the PTE Manual.

NOW, THEREFORE, the Council directs:

- A. The Mayor is hereby authorized to execute an Agreement with Travel Portland substantially in accordance with Exhibit A attached to this Ordinance.
- B. The Mayor and Auditor are authorized to draw and deliver warrants, chargeable to the Convention and Tourism Fund and the Tourism Improvement District sub-fund in the Convention and Tourism Fund, in accordance with the terms of the Agreement.

## Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2024/travel-portland-agreement\\_tlt\\_tid\\_2024\\_clean\\_v2\\_04.16.24.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2024/travel-portland-agreement_tlt_tid_2024_clean_v2_04.16.24.pdf) 909.72 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council  
May 29, 2024

Auditor of the City of Portland  
Simone Rede

## Impact Statement

### Purpose of Proposed Legislation and Background Information

This Ordinance approves a five year agreement with Travel Portland for services provided for under City Charter Section 7-113 (1% TLT) and City Code Chapter 6.05 (TID), namely for the marketing and promotion of convention business, tourism, and overnight lodging. The agreement also requires Council approval of a sole source procurement request, which has been reviewed and approved by the CAO and CPO.

While the current agreement terminates on June 30, 2026, the economic recovery in the travel and tourism sector has stagnated, which prompted Council to approve, in January 2024, a change to the TID fee setting it at 3% permanently. The agreement with Travel Portland is being updated to conform it to the TID changes and to implement new provisions regarding the Portland Events and Film Office. The current agreement will be terminated by mutual agreement as of June 30, 2024.

### Financial and Budgetary Impacts

In 2022, visitors to Portland spent \$5.2 billion, producing \$248 million in state and local tax revenues. The travel industry supports 32,700 jobs in the metro area generating an estimated \$2.3 billion in employment earnings. These numbers have yet to fully recover to pre-pandemic levels. Travel Portland's activities under this contract (Exhibit A) are a critical component to sustaining and growing this economic activity.

City Charter and Code cited above authorize collection of taxes and fees related to payments collected on hotel stays and short term rentals listed on booking platforms. General Fund revenue from the Transient Lodging Taxes (TLT) in FY 2022-23 was more than \$30.5 million.

The Charter and Code provisions also require the City to use a portion of these funds by contracting with an Oregon non-profit for specified services. City Charter Section 7-113 calls for "the promotion, solicitation, procurement and service of convention business and tourism" and City Code Chapter 6.05 calls for promoting "overnight tourism" and improving "the lodging and hospitality business environment in Portland". The contract must also be with a comprehensive destination marketing organization operating in Portland that is engaged full time in the promotion, solicitation, procurement and service of convention business and tourism in the City.

Because Travel Portland is the only Oregon non-profit meeting the Charter and Code requirements, the contract is being procured using the sole sources exception in Chapter 5.68 and the PTE Procurement Manual, which included public posting of the request for a period of seven days during which no challenges or objections were received.

Council's approval in December 2023 of a permanent 3% TID Surcharge under Ordinance 191559 will provide stable, ongoing funds to support the travel and tourism industry in its recovery from the impacts of the COVID-19 pandemic and the subsequent reputational damage to Portland.

The contract also increases ongoing funding for the Portland Events and Film Office to enhance the collaboration between Travel Portland and the Events and Film Office and their efforts to improve Portland's desirability and competitiveness as a location for events and television, film and video productions that generate overnight stays in Portland. This collaboration has begun to generate overnight stays, thereby generating TLT revenue, as well as contributing positively to other aspects of the local economy impacted by events and television, film and video productions.

The Charter and Code provisions allow the City to retain administrative costs associated with the collection, remittance and management of these funds. The agreement includes those provisions, including ITS Cost Recovery.

### **Community Impacts and Community Involvement**

Both the TLT and TID are passed through to hotel patrons and are therefore principally paid by individuals and business from outside the City of Portland. The Travel Portland Board and TID Board are principally composed of individuals who represent hotels and travel related businesses. Both of these groups have endorsed Travel Portland as the organization to perform the services provided for in the City Charter and Code.

Travel Portland's CEO, Jeff Miller will testify on this item.

### **100% Renewable Goal**

This action does not contribute to the City's goal of meeting 100 percent of community-wide energy needs with renewable energy by 2050.

### **Budget Office Financial Impact Analysis**

This ordinance approves a five-year agreement with Travel Portland for the marketing and promotion of convention business, tourism, and overnight lodging. While the current agreement terminates on June 2026, economic recovery in the travel and tourism sector has stagnated, which prompted Council to approve, in January 2024, a change to the Tourism Improvement District (TID) fee setting it at 3% permanently. The agreement with Travel Portland is being updated to conform it to the TID changes and to implement new provisions regarding the Portland Events and Film Office. General Fund revenue from the Transient Lodging Taxes (TLT) in FY 2022-23 was more than \$30.5 million. City Charter and Code provisions allow the City to retain administrative costs associated with the collection, remittance and management of these funds. The agreement includes those provisions, including Integrated Tax System (ITS) Cost Recovery. The contract also increases ongoing funding for the Portland Events and Film Office to enhance the collaboration between Travel Portland and the Events and Film Office

and their efforts to improve Portland's desirability and competitiveness as a location for events and television, film and video productions that generate overnight stays in Portland.

## Document History

Item 402 Time Certain in [May 22, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/22)  
(<https://www.portland.gov/council/agenda/2024/5/22>)

City Council

Passed to second reading

Passed to second reading May 29, 2024 at 9:30 a.m.

Item 440 Regular Agenda in [May 29-30, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/5/29)  
(<https://www.portland.gov/council/agenda/2024/5/29>)

City Council

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea