

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to City Budget Office. Retain copy.)

1. Name of Initiator Betsy Ames		2. Telephone No. 503 823-4269	3. Bureau/Office/Dept. OMF-CAO
4a. To be filed (hearing date): September 18, 2013; 2:45 pm	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and CBO Budget Analyst: September 12, 2013
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

Authorize Mayor to sign *Oregon Convention Center Hotel Project Memorandum of Understanding* with Metro and Multnomah County (Resolution).

2) Purpose of the Proposed Legislation:

The resolution authorizes the Mayor to sign on to the MOU which outlines the expectations for terms and conditions that Metro will negotiate as part of the OCC Hotel Project Development Agreement. This resolution is a companion action to the Ordinance approving amendments to the Visitor Facilities IGA which provides mechanisms to support the development of the OCC Hotel Project.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |

FINANCIAL IMPACT

4) **Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

NA

5) **Expense:** What are the costs to the City as a result of this legislation? What is the source of funding for the expense? *(Please include costs in the current fiscal year as well as costs in future year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the level of confidence.)*

NA

6) **Staffing Requirements:**

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?
- Will positions be created or eliminated in *future years* as a result of this legislation?

NA

(Complete the following section only if an amendment to the budget is proposed.)

7) **Change in Appropriations** *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

NA

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

☐ **YES:** Please proceed to Question #9.

☒ **NO:** Please, explain why below; and proceed to Question #10.

See the responses to the Visitor Facilities IGA ordinance for information regarding the outreach and involvement conducted by Metro.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

There will be ongoing information sharing and monitoring, as needed, by the VDFI Board.

Betsy Ames, Sr. Policy Analyst

APPROPRIATION UNIT HEAD (Typed name and signature)

OREGON CONVENTION CENTER HOTEL PROJECT

MEMORANDUM OF UNDERSTANDING

Through this Memorandum of Understanding, the City of Portland, Metro, and Multnomah County agree to the following:

Introduction

The Oregon Convention Center (OCC) is an economic development tool that attracts tourists and business travelers to the state, infusing millions of dollars each year into the local economy. In addition to creating and sustaining thousands of jobs, business activity at the OCC generates hundreds of millions of dollars in state and local tax revenues that fund important services upon which Oregonians rely. For fiscal year 2011-12, regional economic impact totaled \$451 million, 4,400 jobs were supported and state and local taxes generated approximately \$18.6 million.

The public partners recognize that continued, ongoing and strategic investments in the convention business are necessary, as with any industry, to maintain national convention market share, ensure long-term financial viability of past investments, and maximize the community economic impacts. The OCC Hotel Project has long been identified as a key project to advance these goals.

OCC Hotel Project

In March 2013, Metro, City and County staff began preparing a thorough set of revisions to the existing Visitor Facilities Trust Account Intergovernmental Agreement, the general purpose of which was to reflect updated priorities and needs of the region's visitor facilities and tourism promotion programs, including a convention center hotel.

Upon approval by the City, County, and Metro of the Amended and Restated Visitor Facilities IGA (VFIGA), Metro intends to negotiate an OCC Hotel Project Development Agreement, including a commitment of public funds, which will result in development of a convention center hotel and improve the competitiveness of the OCC. In other related agreements, Metro will endeavor to negotiate key terms that address OCC competitiveness, while at the same time taking into consideration the interest of and impacts on existing hotels and service providers.

Final Development Agreement

Throughout development agreement negotiations, Metro, the City and the County are committed to achieving the following goals:

- Private sector development, ownership and operation of the hotel at a 3.5+ star quality rating

- National hotel brand familiar to and sought out by national meeting planners
- Location directly adjacent to the Oregon Convention Center
- A room block of 500 rooms and other necessary convention amenities such as ballroom and meeting space, restaurants and parking. A room block agreement will be negotiated between Metro and the OCC Hotel Project operator to address the required city-wide meeting and event room block needs
- Hotel design that supports revitalization and activation of the area surrounding the Oregon Convention Center
- Commitment to:
 - Portland Development Commission Minority/Women/Emerging Small Business (M/W/ESB) goals
 - Metropolitan Exposition Recreation Commission (MERC) First Opportunity Target Area (FOTA) employment goals
 - Achieving LEED Silver status at minimum
 - Utilization of union building trades for construction
- An executed labor peace agreement between the OCC Hotel Project operator and the national union representing hotel workers, UNITE HERE
- A financing plan to fund construction, including public and private investment, anticipated to include:
 - \$119.5 million private investment
 - \$18 million direct public investment (State grant, PDC loan, Metro grant)
 - \$60 million revenue bond issued by Metro, representing the lodging taxes expected to be generated from the OCC Hotel Project
 - The OCC Hotel Project will be managed with the private owner accepting all operational risk and responsibility, with no commitment of public resources in any way to support hotel operations
- Adequate parking to service the needs of the OCC Hotel Project, anticipated to be approximately 300 parking spaces, which will be constructed using private resources. Metro's project funding will not be used to finance the cost of constructing a parking structure that is separate from the OCC Hotel Project or which services needs beyond what is necessary for hotel operations
- Commitment to the OCC Hotel serving as a rate leader, in its competitive set, for aggregate annual room rates that will help grow market rates to benefit and protect the

central city hotel market. Metro will work with the OCC Hotel Project operator and Travel Portland to coordinate marketing plans and rate promotions on an ongoing basis to ensure the OCC Hotel Project serves as a rate leader, and does not precipitate room rate decline.

- An appropriate development fee, not to exceed 6% of the total construction costs
- Land cost for the project supported by an appraisal conducted prior to closing to verify appropriate market value.
- Metro will obtain a waiver to Portland City Code 6.04.130.D from the OCC Hotel Project operator, including agreement to periodic updates of such waiver, to allow sharing of the site-specific transient lodging tax information with the Financial Review Team, who shall sign a confidentiality agreement. In addition, Metro will seek to obtain agreement from the OCC Hotel Project operator to provide a quarterly pro forma variance report to the Financial Review Team during the first two years of hotel operation, subject to a confidentiality agreement, to enable the Financial Review Team to monitor hotel performance during the important initial stabilization period.

We the undersigned agree to this Memorandum of Understanding as of _____, 2013

Metro

Tom Hughes, Council President

Date

Multnomah County

Marissa Madrigal, Acting County Chair

Date

City of Portland, Oregon

Charlie Hales, Mayor

Date

Proposed Amendment to MOU language

Metro will obtain a waiver to Portland City Code 6.04.130.D from the OCC Hotel Project operator, including agreement to periodic updates of such waiver, to allow sharing of the site-specific transient lodging tax information with the Financial Review Team, who shall sign a confidentiality agreement. In addition, Metro will seek to obtain agreement from the OCC Hotel Project operator to provide a quarterly pro forma variance report the Financial Review Team during the first two years of hotel operation, subject to the a confidentiality agreement, to enable the Financial Review Team to monitor hotel performance during the important initial stabilization period.