

All signs point to a union-built convention center hotel

A new finance plan for building a headquarters hotel for the Oregon Convention Center was laid out July 9 at a joint work session of the Metro Council and the Metropolitan Exposition and Recreation Commission (MERC).

Metro operates the Oregon Convention Center.

The proposed hotel would be a 600-room Grand Hyatt Regency owned by the Chicago-based Hyatt Corp. Hyatt is teaming with Mortenson Development Inc. and Schlesinger Cos. to build the hotel. Projected cost is \$200 million.

The Columbia Pacific Building and Construction Trades Council (CP-BCTC) supports the project, which would generate nearly 2,000 construction jobs. Several representatives of the council attended the joint work session on July 9.

All indications are that the hotel will be built union. Stephanie Soden of Metro told the Labor Press that "we have every belief that the hotel will be built with a union workforce."

Jodi Guetzloe-Parker, executive secretary of the CPBCTC confirmed that Mortenson Construction is a union general contractor.

Language in a request for proposal (RFP) issued by Metro last year called on prospective developers to bid the project under prevailing wage guidelines. Additionally, a project "statement of principles" signed by Metro, the City of Portland, and Multnomah County seeks assurances that the developer will

utilize union building trades for construction and commit to employing apprentices and minority/women/emerging small businesses.

Hyatt Corp. has already signed a landmark neutrality agreement with UNITE HERE, the union that represents hotel workers. Under that agreement, union organizers can meet with workers at the hotel, and workers can unionize through a "card-check" process. If workers choose to unionize, and don't reach agreement on a contract within six months, the contract proposals will be submitted to binding arbitration.

Funding for the hotel will come from various sources. The Hyatt/Mortenson development team will invest approximately \$117 million into the project. The Oregon Legislature approved \$10 million in state lottery bond proceeds; Metro will contribute \$4 million using funds earmarked for a convention center hotel; and the Portland Development Commission will provide a \$4 million loan using funds dedicated to a headquarters hotel. The rest of the project's costs will be paid by visitors who stay at the hotel.

Metro visitor venues general manager Teri Dresler, Oregon Convention Center executive director Scott Cruickshank, and PFM Group consultant Ken Rust told the joint work session on July 9 that \$60 million in bonded financing would be covered by room taxes generated at the new hotel.

According to an article by a Metro-employed reporter posted on Metro's Web site, the plan hinges on a fund called the Visitor Facilities Trust Account that's filled by local room taxes. Dresler and Cruickshank have been negotiating with the City of Portland and Multnomah County, as each has a stake

in the visitor fund. The fund, which brought in \$12.3 million during the 2011-12 fiscal year, foots the bill for a prioritized list of projects. According to the Metro reporter, the first priorities are to pay off bonds to cover the construction of the convention center, the Portland Center for the Performing Arts, and Jeld-Wen Field. That would be unchanged in the new financing plan.

Next in line would be the bonds sold to pay for part of the Hyatt hotel — a number expected to be around \$3 million per year. After that, operational support for the convention center and

marketing efforts would be supported, and a rainy day fund would be filled, the report said.

Metro refers to the funding plan in terms of "buckets" — when one fills up, the room tax revenue overflows into the next down the line. Only three times has there not been enough money to reach the final bucket. In those years, money from the rainy day fund was used to supplement the revenue shortfall, according to the report.

Metro officials estimate that the hotel will generate \$11 million in combined state and local tax revenue yearly.

At the joint meeting, Metro attorney

Alison Kean Campbell emphasized that the bond is not public dollars.

"The public does not own the hotel, nor will it have general obligation debt," Campbell said.

"It's not really public, it's not really private," Rust said. "It's paid by people staying at the hotel."

The plan has yet to be approved by the Mortenson development team. Metro wants approval from the City of Portland and Multnomah County first. Those votes are expected in August. If the deal is approved, the developer would break ground early in 2014, with a tentative opening date in early 2016.

Convention planners say conventions will come

Convention planners say Portland will attract large, profitable conventions when it builds a convention center hotel.

Meeting in Portland last week as part of Travel Portland's Customer Advisory Board (CAB), the professionals who work with large trade groups and book their conventions, say Portland is a highly desirable destination. But, they add, many groups balk at holding conventions here because of the absence of a convention center hotel.

"Portland is considered a wonderful location in the convention market in large part because it is considered a leader in sustainability," said Stephen Miner, CEO of Solar Energy Trade Show from Arlington, Virginia. "What causes groups to go elsewhere is the lack of a convention hotel."

Dean Phelus of the American Alliance of Museums said its annual conventions attract 5,000-6,000 attendees. "Portland is a fabulous city and we held our convention here in 2004," he

said. "But we would not even consider coming back without a convention hotel built."

"Our members will tell you Portland is the friendliest city we've ever been to," said John Saunders, executive director of the National Forum for Black Public Administrators out of Washington, D.C. "You also have an amazing conference center, but you are hamstrung because there is no convention hotel."

Jeff Miller, president and CEO of Travel Portland, said his organization has identified nine conventions waiting

to book the Oregon Convention Center as soon as a development contract is signed between Metro and the private developer working with Hyatt Hotels.

When asked, "Why Portland?" as a destination, CAB members cited a variety of factors: a wonderful nightlife and restaurants, no sales tax on food and beverages, an exceptional airport, an attractive convention center, and an effective transit system. They also pointed to Portland's focus on sustainability and its proximity to the ocean, mountains, and forests.

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