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# Convention center hotel Portland City Council, Multnomah County to take financing plan



A May 2013 rendering of a proposed Hyatt Regency hotel at the Oregon Convention Center. (Me

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The financing plan for a publicly backed hotel intended to draw more business to the Oregon Convention Center is headed to the Portland City Council and the Multnomah County Commission this week, and both bodies appear ready to give their OK.

Neither gets an up-or-down vote on the \$198 million project spearheaded by Metro (<http://www.oregonmetro.gov/>), the regional government that operates the convention center. But they do have to approve the usage of a local lodging tax that would be used to pay off \$60 million in bonds issued by Metro that would help finance the Hyatt-flagged hotel.

That would be in addition to \$18 million in state and local grants and loans already approved to support the project.

The lodging tax agreement between the city, county and Metro needs updating anyway -- for example, it sets aside money for TriMet's Fareless Square, which **disappeared in 2012**

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But in addition to the new fund to pay off hotel bonds, it would also create new revenue streams for the city and the county. The city would receive \$500,000 a year (plus inflation) from the lodging taxes for Rose Quarter facilities and tourism support, and the county would receive a tourism fund that starts at \$500,000 a year and rises to \$1 million a year by 2021.

Portland Mayor Charlie Hales said Tuesday there is "growing ... but not necessarily unanimous support" on the City Council for the project, which will have a first reading of the agreement this Wednesday but won't vote until at least next Wednesday.

"My understanding is that the risk to the city is well-contained and pretty small," Hales said. "Metro is taking a bigger risk, and it's their project. That's how it should be."

And Nick Christensen, a reporter employed by Metro to cover the agency, reported last week that Multnomah County Commissioner Loretta Smith **said a majority of the county board was ready to approve the lodging tax plan** (<http://news.oregonmetro.gov/1/post.cfm/hyatt-portland-county-poised-approve-091113>). It is set to vote on Thursday.

Both the city and county are also considering a non-binding memorandum of understanding that might seek to address specific concerns raised by members of the elected bodies.

**A draft** ([http://media.oregonlive.com/front-porch/other/RESOLUTION\\_VFIGA\\_-\\_MOU.pdf](http://media.oregonlive.com/front-porch/other/RESOLUTION_VFIGA_-_MOU.pdf)) posted on the Multnomah County website says that the governments are "committed to achieving" a development fee not to exceed 6 percent of the project cost and an appraisal of the land cost for the project to make sure StarTerra LLC, a development partner in the project who owns the land where the hotel is planned, isn't overpaid.

Hales said that Metro is "taking our concerns seriously," but that it seems unlikely the project financing plan would be drastically changed from **the terms Metro approved in August** ([http://www.oregonlive.com/front-porch/index.ssf/2013/08/convention\\_center\\_hotel\\_metro\\_3.html](http://www.oregonlive.com/front-porch/index.ssf/2013/08/convention_center_hotel_metro_3.html)).

"They've done a lot of due diligence," Hales said. "I think everybody is ready to call the question."

Paige Richardson, a spokeswoman for a coalition of local hotel owners who oppose the project, said the group is going to wait and see how the city and county vote, then continue to push Metro to "make a better deal."

But failing that, the group is considering referring the financing plan to voters.

"Metro has divorced Hyatt and the developers from any responsibility on the \$60 million bond," Richardson said. "If it is referred, then the whole deal stops until the voters decide if this is a smart use of their money."

Meanwhile, the **Oregon Restaurant and Lodging Association** (<http://www.oregonrla.org/>) on Tuesday asked the City Council **in a letter** (<http://media.oregonlive.com/front-porch/other/Convention%20Center%20Hotel%20Project%20-%20Letter%20to%20Mayor%20Hales%20from%20Bill%20Perry,%20ORLA%209->

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And Hyatt slips off the hook as Hale and the rest of the con artists pony up taxpayer money that could be helping schools?

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Did you not pass simple economics? Kids don't bring in conventions. Kids don't bring in tourists. Kids don't support local restaurants. Kids don't bring in tax dollars. In fact, kids do just the opposite. You can throw lots on money at kids and there's not a lot to show for it in return. That's the reality of it. I'm not trying to diss kids but you're naive to think that money that could make its way into economic development could somehow be redirected to kids.

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It is not fiscally smart for the city . People don't want to come to Portland in the winter for a convention. And our summer time occupancy rates are great . If someone decided tomorrow to spend \$250 million buying land and building a hotel that's there prerogative. If stupid money wants to build, more power to them, but when you introduce a subsidy into the conversation, that raises our debt.

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