



Oregon Convention Center

Fiscal Year 2010-11 Economic and Fiscal Impact Analysis Report

January 2012



January 11, 2012

Ms. Teri Dresler, General Manager
Metro Visitor Venues
600 NE Grand Avenue
Portland, OR 97232

Dear Ms. Dresler:

In accordance with our agreement, Crossroads Consulting Services LLC has completed its economic and fiscal impact analysis associated with operations of the Oregon Convention Center in Fiscal Year 2011. The report presented herein includes the summary of our analysis.

The findings and assumptions contained in the report reflect analysis of secondary sources of information including data that was obtained from the Metro Visitor Venues department as well as management at the Oregon Convention Center. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. We have no obligation, unless subsequently engaged, to update our report or revise the information contained therein to reflect events and transactions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by Metro and may not be relied upon by any third party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and as such can be made available to the public upon request.

Our analysis does not constitute an examination, compilation or agreed upon procedures in accordance with the standards established by the American Institute of Certified Public Accountants.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed our on-going relationship and look forward to providing you with continued services in the future. If you have any questions about our analysis, please feel free to contact Susan Sieger at 813.281.1222.

Sincerely,

Crossroads Consulting Services LLC

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Executive Summary

The Oregon Convention Center (OCC) is a unique business entity that generates significant economic activity to downtown Portland and the Tri-County region. The primary purpose of this study is to estimate the economic and fiscal impacts associated with the on-going operations of the OCC to the region. Economic impacts are estimated in terms of spending, jobs and earnings which create fiscal impacts and are reflected as changes in tax revenues.

In Fiscal Year (FY) 2011, the OCC hosted 469 events that attracted approximately 570,400 in total attendance and generated 866,100 attendee days. As shown in the table below, this activity was estimated to generate \$449.6 million in total spending which supported 4,260 full and part-time jobs and created \$167.6 million in personal earnings in the Tri-County region in FY 2011.

Estimated Economic Benefits to the Tri-County Region From OCC Operations in FY 2011	
Total Economic Benefits: Tri-County Region	
Direct Spending	\$261,451,000
Indirect/Induced Spending	188,128,000
Total Spending	<u>\$449,579,000</u>
Total Jobs	4,260
Total Earnings	\$167,618,000
Total Economic Benefits: Clackamas County	
Direct Spending	\$26,531,000
Indirect/Induced Spending	19,026,000
Total Spending	<u>\$45,557,000</u>
Total Jobs	430
Total Earnings	\$17,157,000
Total Economic Benefits: Multnomah County	
Direct Spending	\$199,755,000
Indirect/Induced Spending	143,812,000
Total Spending	<u>\$343,567,000</u>
Total Jobs	3,260
Total Earnings	\$127,886,000
Total Economic Benefits: Washington County	
Direct Spending	\$35,164,000
Indirect/Induced Spending	25,288,000
Total Spending	<u>\$60,452,000</u>
Total Jobs	570
Total Earnings	\$22,574,000

Notes: Tri-County Region amounts represent the sum of the three counties.

There may be slight differences due to rounding.

Earnings represent the salaries/wages earned by employees of businesses associated with or impacted by the facility.



Tax revenues generated from OCC-related activities were estimated to be \$15.5 million in FY 2011, of which approximately \$5.6 million or 36% occurred at the State level.

Estimated Fiscal Benefits From OCC Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$4,412,000
Transient Lodging Tax	655,000
Corporate Excise & Income Tax	518,000
Subtotal	<u>\$5,585,000</u>
Metro	
Excise Tax	\$1,275,000
Subtotal	<u>\$1,275,000</u>
Clackamas County	
Transient Room Tax	\$466,000
Subtotal	<u>\$466,000</u>
Multnomah County	
Transient Lodging Tax	\$5,963,000
Motor Vehicle Rental Tax	1,346,000
Business Income Tax	87,000
Subtotal	<u>\$7,396,000</u>
Washington County	
Lodging Tax	\$767,000
Subtotal	<u>\$767,000</u>
GRAND TOTAL	<u>\$15,489,000</u>

Note: Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland's general fund and to Travel Portland.

The following table summarizes key comparative data for OCC operations for the last four fiscal years. In general, utilization attributes as well as economic and fiscal impacts have fluctuated during this period.

Summary of Key Comparative Data - OCC				
Category	FY 2008	FY 2009	FY 2010	FY 2011
Utilization:				
Events	588	521	424	469
Total Use Days	1,244	1,128	1,050	1,134
Total Attendance	614,900	548,300	521,200	570,400
Total Attendee Days	1,000,300	854,100	953,200	866,100
Financial Operations:				
Operating Revenues	\$16,862,000	\$15,194,000	\$16,645,000	\$19,007,000
Operating Expenses	23,131,000	24,171,000	24,983,000	29,039,000
Net Operating Results	<u>(\$6,269,000)</u>	<u>(\$8,977,000)</u>	<u>(\$8,338,000)</u>	<u>(\$10,032,000)</u>
Economic/Fiscal Impacts:				
Direct Spending	\$252,763,000	\$236,803,000	\$305,658,000	\$261,451,000
Indirect/Induced Spending	188,749,000	184,554,000	220,221,000	188,128,000
Total Spending	<u>\$441,512,000</u>	<u>\$421,357,000</u>	<u>\$525,879,000</u>	<u>\$449,579,000</u>
Total Jobs	4,760	4,410	5,000	4,260
Total Earnings	\$171,453,000	\$165,747,000	\$195,319,000	\$167,618,000
Total Fiscal Benefits	\$15,417,000	\$15,228,000	\$19,085,000	\$15,489,000



Between FY 2010 and FY 2011, the total number of events and attendance increased by 11% and 9%, respectively. Although attendee days increased for meetings (41%) and other events (27%), total overall attendee days decreased by 9% over last fiscal year which was driven by a 34% decrease in attendee days at conventions/tradeshows. Attendee days are defined as total attendance multiplied by the event length. For example, a three-day convention with 600 delegates equates to 1,800 attendee days which reflects that the same delegates return to the event each of the three days. Convention and tradeshow activity is the primary driver of OCC-related economic impact since these events draw overnight visitors that generate spending which supports area businesses. As such, this shift in business between FY 2010 and FY 2011 resulted in lower economic and fiscal impacts.

As a point of reference, the OCC had 110 full-time, benefitted employees in FY 2011.

The next section of the report provides an overview of Metro and its visitor venues as well as the general methodology used to estimate the economic and fiscal impacts associated with the OCC's on-going activities.

Introduction and General Methodology Overview

Introduction

Metro, the regional government, crosses city limits and county lines to build a resilient economy, keep nature close by and respond to a changing climate. Representing a diverse population of 1.5 million people in 25 cities and three counties, Metro's directly elected council gives voters a choice in decisions about how the region grows and communities prosper. In addition to its charter responsibilities established nearly 30 years ago – to provide planning, policy making and services to preserve and enhance the region's quality of life – Metro operates a family of visitor venues that provide a diverse range of cultural and educational activities and experiences; memorable gathering places for celebrations and business events; and significant economic return by hosting conventions, trade/consumer shows, art performances and live exhibits.

Metro's visitor venues group is comprised of the OCC, Portland Center for the Performing Arts (PCPA), Portland Expo Center and Oregon Zoo. Formed in July 2010 to enhance collaboration on operational issues, the team actively works towards a common mission of maintaining world-class gathering and entertainment spaces for residents and visitors.

Through its Metropolitan Exposition Recreation Commission (MERC), Metro benefits from business and community leaders whose expertise and guidance set the strategic business direction for three of the venues: OCC, PCPA and Portland Expo Center. Commission members are nominated by Clackamas, Multnomah and Washington Counties and the City of Portland and appointed by the Metro Council to serve four-year terms.

The Oregon Zoo also benefits from a key public/private partnership through the Oregon Zoo Foundation (OZF) which is comprised of business and community leaders. The OZF's mission is to foster community pride and involvement in the Oregon Zoo and to secure financial support for the zoo's conservation, education and animal welfare programs.

The Metro visitor venues are varied in building type, history, business focus and client mix:

- OCC is designed to maximize economic benefit for the State and region by attracting out-of-town visitors to conventions and local residents to special events and trade shows;
- PCPA is the cultural hub for the metropolitan region hosting a variety of performances and entertainment events in its multiple theatres;
- Portland Expo Center is the region's primary destination for public events and consumer shows, some of which have been held there for 50 years; and
- Oregon Zoo is the State's most popular attraction whose mission is to inspire visitors to learn about endangered species protection and take action towards native habitat restoration.

The individual and aggregate contributions each makes towards the region's economy is powerful and significant. Combined, the venues hosted more than 1,400 events/performances in FY 2011 that attracted nearly 3.3 million people and offered a wide range of experiences for visitors and residents – contributing to the quality of life for the region and beyond.

Through market-driven best practices, the Metro visitor venues have been financially successful, even despite the economic downturn, and are positioned to achieve long-term financial success by pursuing the following strategies:

- Exceeding customers' expectations and providing a consistent, enjoyable visitor experience;
- Building and maintaining alliances with community and business partners;
- Effectively marketing the venues to retain existing customers and attract new business;
- Establishing and achieving annual benchmarks in sustainable business operations;
- Employing prudent financial measures that protect the public investment and minimize debt; and
- Pursuing strategic initiatives to meet long-term business objectives and client needs.

The mission of the OCC is to maximize economic benefit for the region and the State of Oregon while protecting public investment in the facility. As such, OCC management and marketing policies are aimed at attracting out-of-town visitors and creating new jobs to stimulate economic development while also accommodating local users.

The primary purpose of this study is to estimate the economic and fiscal impacts associated with the on-going operations of the OCC to the region. Economic impacts are estimated in terms of spending, jobs and earnings which create fiscal impacts which are reflected as changes in tax revenues.

General Methodology Overview

An estimate of the economic benefits that occur in area municipalities and the State of Oregon as a result of on-going operations of the OCC can be approached in several ways. The approach used in this analysis considers expenditures generated from facility operations from items such as personal services, food/beverage, goods/services, marketing, MERC/Metro administration and capital outlay as well as spending by attendees, sponsoring organizations/event producers and exhibitors outside the facility on items such as lodging, restaurants, retail, entertainment and transportation as the initial measure of economic activity in the marketplace. Once the amount for direct spending is estimated, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings.

This analysis also estimates the fiscal impacts generated from on-going operations of the OCC. The governmental entities considered in this fiscal analysis are Clackamas, Multnomah and Washington Counties as well as Metro and the State of Oregon. Revenues generated from transient lodging tax, excise tax, motor vehicle rental tax, business income tax and personal income tax were estimated.

The number of events and attendance, event mix, origin of attendees, facility financial operations, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers and specific taxes quantified are all variables that influence the economic and fiscal impact estimates.



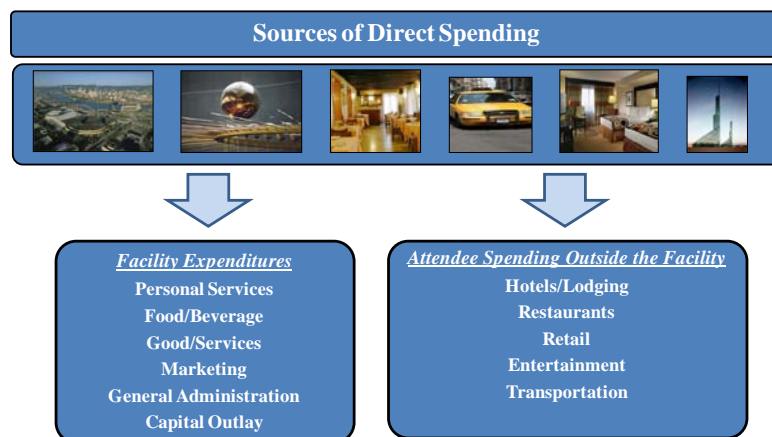
All amounts depicted in this report are presented in current dollars unless otherwise noted.

Methodology – Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of OCC operations. This spending occurs both inside and outside of the convention center. Direct spending related to OCC operations is generated from facility expenditures (including capital outlay) as well as spending by attendees, sponsoring organizations/event producers and exhibitors.



Indirect/Induced Impacts

The economic activity generated by OCC operations affects more than just the facility itself. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Multiplier Effect

In an effort to quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for *Impact Analysis for Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the Tri-County region resulting from OCC operations.

For purposes of this analysis, the following industry multipliers were used:

Tri-County Region Multipliers			
Category	Spending	Employment*	Earnings
Hotels	1.7532	16.0	0.5660
Eating & Drinking Places	1.7273	21.9	0.6111
Retail Trade	1.5902	21.1	0.7474
Entertainment	1.8781	31.4	0.7365
Transportation	1.7603	13.6	0.6700
Business Services	1.7076	12.2	0.6729
New Construction	1.7521	13.6	0.6847

Note: *Indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

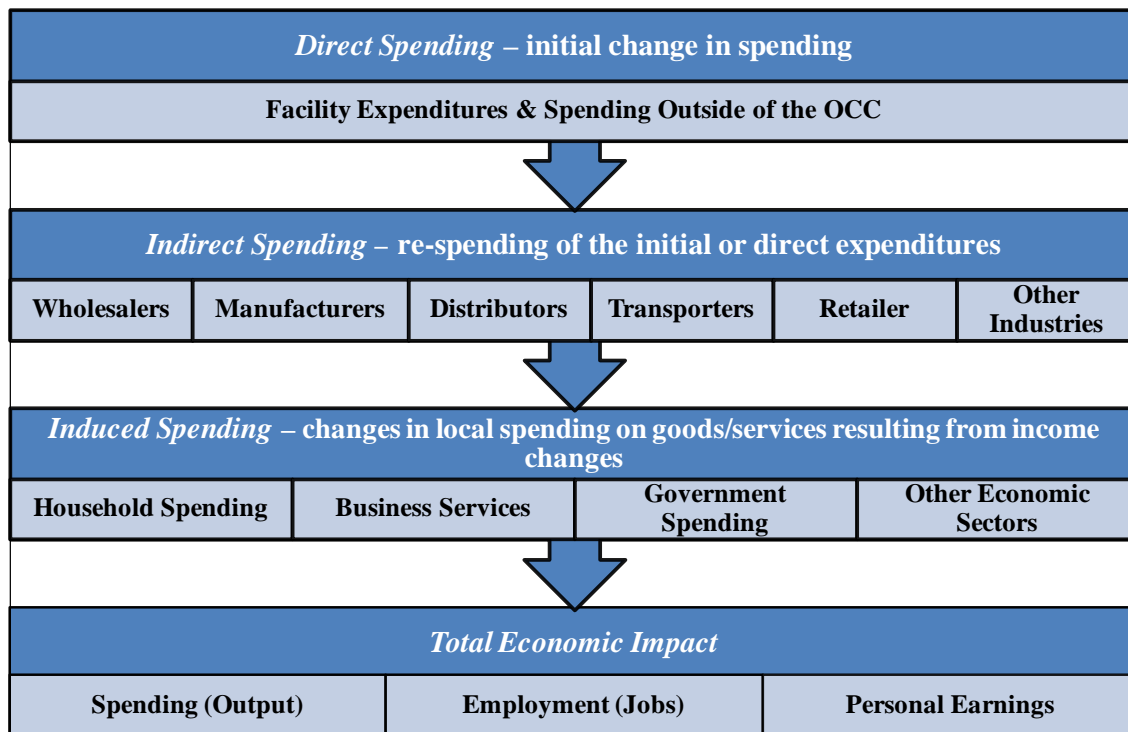
These multipliers reflect IMPLAN's latest available economic data reflecting 2009 transactions and the complex interactions among regions.

Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined below:

- *Spending (output)* represents the total direct, indirect and induced spending effects generated by OCC operations. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- *Employment (jobs)* represents the number of full and part-time jobs supported by OCC operations. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- *Personal earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by OCC operations. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

The following graphic illustrates the multiplier effects for calculating total economic impact.





Methodology - Fiscal Impact Analysis

The estimated spending generated by the on-going OCC operations creates tax revenues for the area municipalities and the State. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the facility, additional spending occurs in other areas within the State, particularly spending on items such as business services and everyday living expense of residents. Major tax sources impacted by facility operations were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes, such as property taxes, may also be positively impacted by on-going OCC operations, this analysis estimates the revenues generated from the following taxes based on the direct and indirect/induced spending amounts previously defined:

State of Oregon

- Corporate Excise and Income Tax
- Personal Income Tax
- Transient Lodging Tax

Metro

- Excise Tax

Clackamas County

- Transient Room Tax

Multnomah County

- Business Income Tax
- Motor Vehicle Rental
- Transient Lodging Tax

Washington County

- Lodging Tax

Economic/Fiscal Impact Analysis

General Overview of the OCC

This section of the report summarizes the estimated economic impacts and tax revenues to the Tri-County region as a result of on-going OCC operations and other business activity that supported the facility for the 12 months ending June 30, 2011.

OCC's mission is to maximize economic benefit for the region and the State while protecting public investment in the facility. Originally opened in September of 1990 and expanded in April of 2003, the OCC offers the following components:

- *Exhibit Space:* 255,000 square feet of contiguous space divisible into six exhibit halls
- *Ballroom Space:* 59,400 square feet of total space, which includes a 25,200-square foot ballroom and a 34,200-square foot ballroom
- *Meeting Space:* 50 rooms totaling 52,330 square feet of meeting space
- *Lobby/Pre-Function:* Over 100,000 square feet
- *Skyview Terrace:* 7,000 square feet
- *Parking:* 800-space underground parking garage on-site and 2,500 parking spaces within walking distance

Over the last several years, the Portland Development Commission (PDC), in conjunction with MERC and OCC, has actively sought the development of a headquarters hotel adjacent to the OCC. A Development Team was selected, Phase 1 of the project was completed, and several consultants were engaged to prepare pro formas, impact reports, employment numbers and costs of the headquarters hotel. In September 2009, the City of Portland, Multnomah County, and Metro agreed that the current development agreement for the headquarters hotel should be allowed to expire.

The potential headquarters hotel site is now home to a 30,000-square-foot, fully landscaped, multi-use outdoor space located directly across the street from the OCC's main lobby, although other adjacent and nearby sites could potentially serve as the future site of a hotel servicing the OCC. Opened in winter 2012, the OCC Plaza is fully functional with power and water hook-ups and includes an 11,000 square foot paved area, perfect for booth set-ups and open-air receptions. When not in use for an OCC event, the space is open to the public and offers an urban setting to convention delegates.

The Tri-County region benefits from the on-going OCC operations in a number of ways, including such tangible and intangible benefits as:

- Enhancing the area's image as a business, meetings and tourist destination;
- Receiving regional and national exposure through destination marketing and visitation;
- Providing a first-class meeting venue for area residents and out-of-town delegates/attendees;

- Unifying the market area and creating a more distinct identity;
- Serving as a catalyst for urban redevelopment initiatives; and
- Generating additional economic activity and enhanced fiscal revenues.

Each of these benefits is important in assessing the overall impacts of on-going OCC operations to the region. While the value of some of these benefits is difficult to measure, the economic and fiscal benefits can be quantified. Based on information from a variety of sources including, but not limited to, representatives from area municipalities and OCC management, this analysis summarizes the estimated economic benefits and associated tax benefits generated from OCC operations in FY 2011 to the entire Tri-County region as well as to each individual county.

Summary of Event Activity at the OCC

The following table summarizes the event activity at the OCC for FY 2011.

Summary of OCC Event Activity - FY 2011									
Event Type	Events	Move-in/ Move-out Days	Event Days	Total Use Days	Total Attendance	Average Attendance	Total Attendee Days	Average Attendee Days	
Conventions/Tradeshows	73	139	220	359	126,853	1,738	381,851	5,231	
Meetings	240	52	329	381	71,043	296	100,536	419	
Other	156	135	259	394	372,509	2,388	383,748	2,460	
Total	469	326	808	1,134	570,405		866,135		

Note: Other events include public shows and food and beverage functions.

Source: OCC Management.

The number of attendee days is an important component in the methodology used to calculate economic impact. For all event types other than food functions and other events, an attendee day is defined as total attendance multiplied by the event length. For example, a three-day convention with 600 delegates equates to 1,800 attendee days which reflects that the same delegates return to the event each of the three days. Attendee days for food functions and other events are the same as total attendance since these attendees generally attend only once during the event. As shown in the table above, the OCC generated more than 866,100 attendee days in FY 2011.

Although the total number of events and attendance at the OCC increased by 11% and 9%, respectively, between FY 2010 and FY 2011, the average attendance at conventions/tradeshows decreased by 25%. In addition, total attendee days at convention/tradeshows decreased by 34% between FY 2010 and FY 2011 which had a direct effect on the OCC's estimated economic and fiscal impacts.

Summary of Estimated Economic Impacts from OCC Operations

The table below summarizes the estimated economic impacts generated from on-going OCC operations in terms of spending, jobs and earnings and is followed by a discussion of each component.

Estimated Economic Benefits to the Tri-County Region From OCC Operations in FY 2011	
Total Economic Benefits: Tri-County Region	
Direct Spending	\$261,451,000
Indirect/Induced Spending	188,128,000
Total Spending	\$449,579,000
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Indirect/Induced Spending	25,288,000
Total Spending	\$60,452,000
Total Jobs	570
Total Earnings	\$22,574,000

Notes: Tri-County Region amounts represent the sum of the three counties.
There may be slight differences due to rounding.
Earnings represent the salaries/wages earned by employees of businesses associated with or impacted by the facility.

Direct Spending

As mentioned previously, the first step in calculating economic impact is estimating the direct spending. The benefits generated in the Tri-County region result from the impact of direct spending both by attendees and activities that support events held at the OCC. Direct spending impacts are annually recurring in nature. The primary types of spending quantified in this analysis include:

- Attendee spending outside the facility;
- Sponsoring organization/event producer spending outside the facility;
- Exhibitor spending outside the facility; and
- Budgetary spending and capital outlay by the OCC.

The spending amounts for each of these categories were based on data provided by several secondary sources including OCC management, Travel Portland as well as other industry resources such as Destination Marketing Association International (DMAI).

Attendee Spending Outside the Facility

Event data provided by OCC management was used to calculate attendee spending. Daily spending amounts were assigned to high impact attendees who stay overnight in a hotel and low impact attendees who likely originate from the area. For purposes of this analysis, all attendees at regional/national/international events were classified as high impact. A per day spending amount of \$330 was used for these attendees. In addition, 30% of State/local convention/tradeshow attendees and 5% of attendees at all other State/local events were assumed to be high impact and an average daily spending amount of \$269 was applied to these attendees. All remaining attendees were classified as low impact and an average daily spending amount of \$31 was used.

Sponsoring Organization/Event Producer & Exhibitor Spending Outside the Facility

Sponsoring organizations/event producers have substantial investments in the events that they host. These organizations purchase goods and services from either the OCC or from outside sources. In addition, exhibitors often spend money outside of the facility to entertain existing and potential clients. Items such as exhibit space and equipment rental are typically provided by the facility, which are reflected as revenues for the provider. Since this spending is eventually reflected in the budgetary spending by the OCC, these amounts are excluded from sponsoring organization/event producer and exhibitor spending to avoid double counting. Based on data from secondary sources including DMAI, the following table summarizes the average spending amounts per delegate day by scope of event used in this analysis to reflect spending by sponsoring organizations/event producers and exhibitors.

Per Day Spending Per Delegate	State/ Local	Regional/ National/ International
Sponsoring Organization/Event Producer ¹	\$17	\$18
Exhibitor ²	\$130	\$83

Notes: ¹ Per day spending amounts are applied to convention/tradeshow attendees.

² Per day spending amounts are applied to convention/tradeshow/public show attendees.

Source: DMAI.

Based on conversations with DMAI representatives, exhibitor spending at State/local events can be higher than that at regional/national/international events since these exhibitors are more likely from the local area. Thus, they tend to spend a greater portion of their exhibit-related expenditures within their own community. Conversely, exhibitors attending regional/national/international events are likely to spend a greater portion of their expenditures where they are based as opposed to the event location.

Budgetary Spending and Capital Outlay for the OCC

Budgetary spending refers to the expenditures generated by the OCC. Regardless of the source or magnitude of the revenues the building takes in, this analysis focused on the operating expenditures occurring in the Tri-County economies. Based on information provided by management, OCC operating expenditures (including capital outlay) were approximately \$29.0 million in FY 2011.

Summary of Direct Spending Inputs

Based on event and financial operating data provided by management and the DMAI spending estimates, the total direct spending related to OCC attendees, sponsoring associations/event producers, exhibitors and budgetary spending was estimated to be \$261.5 million in FY 2011. As a point of comparison, the FY 2011 direct spending estimates are 14% lower than FY 2010.

Estimated Direct Spending From OCC Operations - FY 2011	
Category	Amount
Attendee Spending	\$149,858,000
Sponsoring Organization/Event Producer/Exhibitor Spending	82,554,000
OCC Budgetary Spending/Capital Outlay	29,039,000
Total	\$261,451,000

Notes: Amounts are rounded to the nearest thousand.

Once the total economic impact for the Tri-County region was estimated, a percentage of the total spending was allocated to each of the three counties. Allocations for hotel spending were based on the historical transient lodging tax receipts for each county as a percentage of the total collections within the Tri-County region. Allocations for all other spending were calculated in the same manner based on historical information on travel spending as provided by Dean Runyan Associates to the Oregon Tourism Commission. The table below summarizes the allocations for hotel and all other spending used in this analysis.

County	% Allocation	
	Hotel Spending	All Other Spending
Clackamas	7.9%	10.9%
Multnomah	79.1%	75.5%
Washington	13.0%	13.6%
Total	100.0%	100.0%

Finally, these direct spending amounts estimated to be generated from OCC operations were applied to the multipliers previously shown in order to calculate estimates for total spending, total jobs and total earnings.



Indirect and Induced Impacts

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the Tri-County region. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes. According to the IMPLAN model, direct spending spurred by OCC operations in FY 2011 was estimated to generate \$188.1 million in indirect/induced spending.

Total Spending

Outputs from the IMPLAN model indicate that total spending (i.e., direct, indirect and induced) from OCC operations in FY 2011 was estimated to be \$449.6 million.

Total Jobs

Based on the IMPLAN model, which calculates the number of jobs per \$1.0 million in direct spending, the economic activity associated with OCC operations in FY 2011 was estimated to support approximately 4,260 total jobs. These jobs are created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area.

Total Earnings

Outputs from the IMPLAN model indicate that total earnings generated from OCC operations in FY 2011 were estimated to be \$167.6 million.

Summary of Estimated Fiscal Impacts from OCC Operations

As summarized in the table that follows, OCC operations in FY 2011 were estimated to generate approximately \$15.5 million in tax revenues of which \$5.6 million (36%) occurred at the State level and \$7.4 million (48%) occurred in Multnomah County.

Estimated Fiscal Benefits From OCC Operations - FY 2011	
Municipality/Tax	Amount
State of Oregon	
Personal Income Tax	\$4,412,000
Transient Lodging Tax	655,000
Corporate Excise & Income Tax	518,000
Subtotal	\$5,585,000
Metro	
Excise Tax	\$1,275,000
Subtotal	\$1,275,000
Clackamas County	
Transient Room Tax	\$466,000
Subtotal	\$466,000
Multnomah County	
Transient Lodging Tax	\$5,963,000
Motor Vehicle Rental Tax	1,346,000
Business Income Tax	87,000
Subtotal	\$7,396,000
Washington County	
Lodging Tax	\$767,000
Subtotal	\$767,000
GRAND TOTAL	\$15,489,000

Note: Although Multnomah County collects the Transient Lodging Tax, a portion of this tax is distributed to the City of Portland's general fund and to Travel Portland.

The following outlines significant assumptions utilized in this analysis.

State of Oregon

Personal Income Tax – The State of Oregon imposes a personal income tax which is calculated on a graduated scale. Personal income tax is the State of Oregon's largest source of revenue. Based on information from the State of Oregon Department of Revenue, the Statewide effective tax rate for personal income is 5.6%. This effective tax rate was applied to 47% of total earnings estimated to be generated by OCC operations, which represents the State's average taxable income as a percentage of total income.

Corporate Excise and Income Tax – Corporate excise and income tax is the second largest source of revenue for the State. All corporations doing business in Oregon pay excise tax while corporations not doing business in the State but having income from an Oregon source pay income tax. The corporate tax rate is 6.6% of Oregon taxable income up to \$250,000 and 7.6% on taxable income greater than \$250,000. For purposes of this analysis and based on information from the State of Oregon Department of Revenue, the 6.6% tax rate (which applies to approximately 95% of the 2008 tax returns filed) was applied to 3.0% of direct spending estimated to be generated by OCC operations in order to reflect net taxable income.

Transient Lodging Tax – Public and private lodging providers began paying a 1% State transient lodging tax in 2004. This tax is in addition to, not in place of, any local transient lodging tax. This tax continuously appropriates funds to the Oregon Tourism Commission to promote tourism programs in the State. The 1% tax rate was applied to 100% of direct hotel spending estimated to be generated by OCC operations.

Metro

Excise Tax – Metro imposes an excise tax of 7.5% of total earned revenues of MERC facilities. The tax is remitted on a monthly basis to Metro and is a General Fund Revenue dedicated to the funding of general government activities as well as various planning, parks and green spaces activities. This line item reflects the actual excise tax amount paid by the OCC.

Clackamas County

Transient Room Tax – Clackamas County imposes a 6% transient room tax on hotels, defined as any structure or any portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less for dwelling, lodging or sleeping purposes. Revenues generated by this source are allocated as follows: two points are used for administration purposes, a flat fee is allocated to help fund the County Fair and the remaining amount goes to the Tourism Development Council Fund which is used to promote tourism. The flat fee allocated to the County Fair was originally set at \$250,000 per year and is adjusted by CPI annually. As a point of reference, the flat fee was approximately \$402,000 in FY 2011.

In addition to the 6% tax rate imposed by Clackamas County, several cities in the County also impose additional transient room taxes, which range from 3% to 5%. A tax rate of 9% was applied to 100% of direct hotel spending in the County. Although all tax revenue is generated within the County, the County only retains six of the nine points while the various cities within the County receive the remaining amount. This tax was only estimated for OCC-related event activity given this venue's relatively higher room night generation and impact to surrounding counties.

Multnomah County

Transient Lodging Tax – Multnomah County imposes a tax of 11.5% of the rent charged by the operator of any structure or any portion of any structure which is occupied or intended or designed for transient occupancy for 30 days or less for dwelling, lodging or sleeping purposes.

This tax is generally allocated as follows:

- Five points of the tax collected by Multnomah County goes to the individual city where the establishment is located
- One point of the tax is allocated to the City of Portland to contract with a not-for-profit agency to promote the destination (i.e., OCC)
- A three point surcharge rate of the tax is allocated to the excise tax fund of which hotel operators can deduct 5% of the three points for administrative costs. The remaining amount

is dedicated to various projects such as the OCC, the Portland Center for the Performing Arts, and the Regional Arts and Culture Council

- A 2.5 point surcharge rate of the tax is allocated to the Visitors Facilities Trust Account (VFTA) of which hotel operators can deduct 5% of the 2.5 points for administrative costs

The 11.5% tax rate was applied to 100% of direct hotel spending estimated to be generated in Multnomah County by OCC operations.

Motor Vehicle Rental Tax – Multnomah County levies a 17% tax on the rental of motor vehicles from a commercial establishment doing business in the County if the rental is for a period of 30 days or less. The tax is remitted to the County on a quarterly basis. The collections from the base rate of 14.5% are allocated to the County’s general fund while the remaining 2.5% is allocated to the Visitors Facilities Trust Account (VFTA). The 17% tax rate was applied to 50% of direct local transportation spending in Multnomah County estimated to be generated by OCC operations.

Business Income Tax – A business income tax is imposed on each business within Multnomah County equal to 1.45% of the net income from that business within the County. This tax is administered by the City of Portland. For purposes of this analysis, the 1.45% tax rate was applied to 3.0% of total direct spending in the County in order to reflect net taxable income estimated to be generated by OCC operations.

Washington County

Lodging Tax – Washington County imposes a 9% tax on short term stays in hotels, motels and RV parks. For purposes of this analysis, this tax rate was applied to direct hotel spending in Washington County. This tax was only estimated for OCC related event activity given this venue’s relatively higher room night generation and impact to surrounding counties. The allocation of collections is as follows:

- One point is dedicated to the Visitor’s Association
- One point is dedicated to the Fair Board to support the County Fair
- Two points are granted to the promotion of tourism and are no longer automatically given to the County’s Visitor’s Association; rather all interested parties must submit proposals to the County for an allocation of this portion, including the Visitor’s Association
- The remaining five points are split between the County and cities and are primarily used to fund functions such as public safety, public health, transportation and other local government services.

Other Jurisdictions

In addition to those jurisdictions previously described, other area governments may benefit from OCC operations which generate patron spending at regional business establishments. Conversations with management at a sample of hotels and restaurants suggest event activity at the OCC positively impacts their business as well as that of other establishments nearby.



Summary of Estimated Economic and Fiscal Impacts for OCC – FY 2011

The OCC is a unique business entity that generates significant economic activity to metropolitan Portland and the State of Oregon. In FY 2011, the OCC hosted 469 events that attracted over 570,400 in total attendance and 866,100 attendee days which was estimated to generate approximately \$261.5 million in direct spending to the Tri-County region. Outputs from the IMPLAN model indicate that OCC operations in FY 2011 generated total spending (i.e., direct, indirect and induced impacts) of \$449.6 million which was estimated to support 4,260 jobs that created \$167.6 million in personal earnings. These transactions were subject to taxes that were estimated to generate approximately \$15.5 million in FY 2011 which compares favorably to the OCC's operating deficit of \$10.0 million.