

Metro

2026-27 Hearing Minutes

Thursday, May 28, 2026

11:00 A.M

Metro Regional Center, Council Chamber
Portland, Oregon

Present:

TSCC:

Chair Matt Donahue,
Vice Chair Dr. Rita Moore,
Commissioner Tod Burton,
Commissioner Dr. Will Terry,
Commissioner Erik Kvarsten,
Executive Director Allegra Willhite,
Budget Analyst Brittanie Abayare

Metro Council:

Councilor Gerritt Rosenthal
Councilor Duncan Hwang
Councilor Ashton Simpson
Councilor Mary Nolan

Metro Staff:

Marissa Madrigal, Chief Operating Officer
Liam Frost, Housing Director
Beth Redmond Jones, Director of Campus Planning (Oregon Zoo)
Cindy Wallace, Executive Director of the Oregon Convention Center and Portland Expo Center
Josh Harwood, Revenue Analytics Division Director
Brian Kennedy, Chief Financial Officer (CFO)

Opening Remarks and Introductions

Chair Matt Donahue called the annual Metro Budget Hearing to order and welcomed attendees. He stated that the Tax Supervising and Conservation Commission (TSCC) is a community oversight commission established by the Oregon Legislature over 100 years ago that oversees the budgets of all TSCC member taxing districts, conducts budget reviews, and holds public hearings to provide opportunities for public comment before budget adoption.

The TSCC commissioners and staff then introduced themselves.

Public Comment

No members of the public had signed up for testimony.

Commissioner Questions and District Responses

Question 1: Asked by Commissioner Tod Burton: “Voters approved an Oregon Zoo bond in 2024, with funds issued in April 2025. Now a year later, we’d like to hear more about the bond projects. What has been completed so far, and what is planned for the upcoming budget year?”

- **Metro Councilor Ashton Simpson** answered that the Oregon Zoo is on track to deliver on the 2024 ballot measure commitments. The zoo received their campus plan and land use approval in 2024. Since then, the new zoo bond delivery team has been hired. The zoo bond oversight committee had their first meetings, and the zoo broke ground on our first projects for plaza enhancements in January 2026. In fiscal year 2026-27, the zoo will continue to work on the next major project called Coastal Shores, which includes new habitats for penguins, seals, and sea otters, along with improved guest amenities. The habitats and life support systems for these species include complex and challenging designs and construction. The zoo will hire design and construction firms later this summer, and these projects will address some of the oldest areas of the zoo. Also, the plaza enhancements project will continue constructing another visitor shade structure at Elephant Plaza, which is currently in the design phase, and improvements to the frontage entrance gate. The total expenditure on the Zoo project to date is approximately \$8.5 million, and in fiscal year 2026-27, the Zoo expects to spend approximately \$14.8 million. Expenditures will increase significantly with coastal shores construction in 2028.

Commissioner Tod Burton asked a follow-up question: “What is the role of the oversight committee and what feedback have they provided so far?”

- **Beth Redmond Jones, Director of Campus Planning at the Oregon Zoo,** answered that yes, they do have an oversight committee. The committee had their first meeting in February and just had their second meeting earlier this month. The role of the oversight committee is to be sure that they are being fiscally responsible and fulfilling the bond obligations as outlined in the bond measure.

Commissioner Tod Burton asked an additional follow-up question: “So, have they had a chance to provide any feedback to staff at this point or to the council?”

- **Beth Redmond Jones** answered that at this point, they've not provided anything to council as of yet. They provide an annual report, which will be coming. The first meeting was basically initiating them in what the campus plan was and what they were doing and what was coming forward. The last meeting was a presentation by Auditor Evans about the audit that they just had, and then they did a tour so they could see the construction that was underway.

Chair Matt Donahue asked an additional follow-up: “So it sounds like they're familiar with the audit that was just done by the [Auditor]?”

- **Beth Redmond Jones** confirmed that they are. They received it all. Auditor Evans gave a presentation, and they were able to ask questions about it and of him.

Question 2: Asked by Commissioner Erik Kvarsten: “The Affordable Housing program is projected to achieve at least 144 percent of its original target for unit production. This is impressive. What do you think has contributed to the success of this program?”

- **Metro Councilor Mary Nolan** answered that Metro provides regional oversight and establishes allocations of both how many units each local partner will produce and what funding comes from the bond to support that commitment to delivering housing units. Local jurisdictions, housing authorities, nonprofit CDCs, and affordable housing developers build and operate the committed units in locations around the region. The combination allows partners to respond to local market conditions and simultaneously meet regional objectives. The program benefited from early action by Metro and local partners. In many instances, partners secured sites, assembled financing, and moved projects forward before the significant increases in construction costs that are still affecting affordable housing developers. The bond framework combined clear regional expectations with local implementation flexibility. Finally, the program required extensive coordination among local, regional, state, and private partners to align funding and advance projects within a complex and evolving development environment, including coordination between affordable housing investments and regional supported housing and rental assistance programs, which were approved by voters in a separate ballot measure.

Commissioner Erik Kvarsten asked a follow-up question: “Could you share a bit about the operation of these buildings in the long term, and Metro’s role vs. other organizations? The bond provided funds for the construction, but what about ongoing operations? Have the completed buildings been successful in securing rental assistance for the affordable units to keep the buildings afloat in the long term?”

- **Mary Nolan** explained that while the 2018 bond measure was specifically dedicated to the capital construction of housing units, voters subsequently approved a separate Supportive Housing Services (SHS) ballot measure in 2020. This second fund provides supportive housing services to residents of these buildings, as well as other individuals. She noted that Metro coordinates these dual streams internally through a single, unified housing division led by a director and leadership team. However, Metro does not directly manage the construction contracts or day-to-day operations of the facilities. Instead, operations are handled by an extensive and complex network of for-profit and nonprofit private operators who utilize their expertise to align various federal, state, and local funding sources to secure long-term operational sustainability.

Vice Chair Dr. Rita Moore asked an additional follow-up question: “My understanding is that a number of the affordable housing facilities, have experienced an unusual amount of wear and tear over the years, and the need for a fair amount of rehabilitation at times. Since Metro kind of funded the construction, I'm wondering if you have any role in overseeing those kinds of things, and if so, what's been your experience?”

- **Mary Nolan** initiated the response by clarifying that Metro's direct involvement in regional affordable housing construction only began in 2018. Consequently, the older facilities experiencing significant deterioration and wear were originally constructed by local housing authorities and community development corporations. She noted that the housing catalyzed by Metro is relatively new, with the first projects opening around 2022 or 2023, meaning they experience typical near-term maintenance issues but not long-term physical deterioration. Nolan then handed the floor to Housing Director Liam Frost to provide additional details on operational realities.
- **Liam Frost, Housing Director**, elaborated on multiple factors contributing to wear and tear. He noted that properties older than fifteen years naturally require major capital upkeep. Additionally, he acknowledged that property management has recently been challenged by behavioral issues that physically impact the units. Frost explained that having both the capital bond and the Supportive Housing Services (SHS) program housed within the same Metro department enables effective regional information sharing. As an example of this collaboration, he cited the work of the Tri-County Planning Body, a former advisory committee that established six regional goals, including landlord recruitment. Under this initiative, SHS is funding a \$7 million risk mitigation pool. This pool is specifically designed to cover the costs of repairs for damaged units over time, which helps support property managers and landlords, and incentivizes housing providers to accept tenants they might otherwise hesitate to house.

Vice Chair Dr. Rita Moore asked an additional follow-up question: "Do you have any oversight responsibility for that?"

- **Liam Frost** answered that Metro does not currently hold direct oversight responsibility in this area. He explained that this is a structurally challenging aspect of their work because both primary funding streams, including the capital bond, are time-limited. Consequently, Metro's asset management responsibility remains limited until long-term, sustainable resources can be secured. Frost emphasized that long-term asset management should be a core component of ongoing affordable housing funding frameworks. He noted that the financial structure is highly complex because individual housing developments combine multiple funding sources, such as state funds and private equity. While Metro has used its convening power to bring together community development corporations, housing authorities, and private developers to coordinate future solutions, the agency does not have a direct, active oversight role.

Vice Chair Dr. Rita Moore asked: "Does anyone?"

- **Liam Frost** clarified that direct oversight responsibility does reside with the local jurisdictions and housing authorities to which Metro allocates funding, specifically mentioning the City of Beaverton, the City of Portland, and the region's three local housing authorities.

Question 3: Asked by Chair Matt Donahue: "The supportive housing services tax has become the cornerstone of county-level homelessness funding, dwarfing traditional general fund and federal

allocations. Last year, Metro shared plans to move more firmly into a ‘funder’ role for SHS dollars, one focused on regional oversight where counties demonstrate goal achievement through their local implementation plans. Has this governance shift been fully realized? And based on current performance data, how effectively are the counties meeting the benchmarks outlined in those plans?”

- **Metro Councilor Duncan Hwang** answered that to provide enhanced oversight and pivot to a more intentional funder role for the Supportive Housing Services (SHS) measure, the Metro Council passed a suite of reforms to SHS in December of 2025. The reform actions included updates to governance and were intended to improve the regional system through streamlining oversight, accelerating coordination across the region, and delivering better and lasting outcomes for people experiencing homelessness. A new governance structure was implemented this spring with the launch of the Regional Policy and Oversight Committee, or RPOC, to streamline governance. The existing committees, including the SHS Oversight Committee and the Tri-County Planning Body, were sunset, and their work was consolidated into this new body. The RPOC is charged with providing SHS oversight and accountability and providing regional policy recommendations to Metro Council. More specifically, RPOC will work to approve five-year SHS goals, key performance indicators (KPIs), and key environmental indicators. Once these goals are approved, Metro will update reporting and monitoring structures to ensure consistent tracking of progress. Metro currently tracks progress toward 10-year goals established in the 2020 SHS work plan to connect at least 5,000 households experiencing prolonged homelessness to permanent supportive housing and stabilizing at least 10,000 households at risk of experiencing homelessness in permanent housing. Current data shows that counties are on track to achieve the first goal, with 4,887 households placed in permanent supportive housing, and have far exceeded the second goal, with 4,135 households placed in permanent housing and an additional 19,134 households served with homelessness prevention services.

Commission Chair Matt Donahue asked a follow-up question: “How would you characterize the counties’ performance? Are they exceeding the measures? Room for improvement? Unsatisfactory?”

- **Metro Councilor Duncan Hwang** stated that it is a challenging question. On paper, the region has exceeded the metrics and numbers that were originally established in the 2020 measure. However, he acknowledged that regular citizens living on the street and seeing the ongoing homelessness challenges throughout the region would say that the job being done is unsatisfactory. He explained that addressing these two different realities is a dual challenge. Through the newly launched RPOC, Metro is focusing on how to build a regional system that is more responsive and efficient. He emphasized that the SHS measure is necessary but not sufficient on its own to solve homelessness, which will ultimately require much broader societal changes and far better coordination with other sectors, including healthcare and the federal government. The SHS measure is designed to provide significant funding to take the worst edge off, but there is still substantial work to do in optimizing system implementation over the remaining years.

Chair Matt Donahue asked a follow-up question: “Does Metro offer technical support to help counties better meet their goals? If so, what does that technical support look like?”

- **Duncan Hwang** answered that yes, they provide technical assistance to providers as part of their goal of building a unified regional system. This tactical assistance is being provided through regional funds directly to the nonprofits doing the work. Hwang added that on paper they have exceeded metrics, but regular folks on the street might feel different.
- **Marisa Madrigal, Chief Operating Officer (COO)**, interjected to explain that the inflow of people into homelessness is far outstripping their resources, driven by factors largely outside of their control. She cited a best practices tour to Vancouver, B.C., where high housing prices are similarly driving higher inflows than systems can handle. This is an issue across the entire West Coast and nationwide. She emphasized that the visible homelessness on the street is not because the programs are failing, but because of an overwhelming wave of people entering homelessness due to increasing housing costs, which will ultimately require national action to fully address.

Chair Matt Donahue asked: "Is the single driver of that housing costs?"

- **Marisa Madrigal** confirmed yes, noting that when you look at the cost of a studio apartment, even an affordable one, it is over \$1,000 a month. The jobs available right now are not sufficient to support rent. If you add behavioral health issues or one bad day, the math simply doesn't work to stay housed.
- **Liam Frost** added that economists agree the city of Portland and the wider metro area are in a localized recession, making it difficult to secure living wage jobs. As homelessness grows, it puts immense pressure on the safety net, which requires addressing the local economy so people have jobs to go to. Otherwise, they will face diminishing returns despite asking for more money. He also clarified a conflation around behavioral health, noting that many folks manage mental health and addictions successfully while housed, but once housing disappears, those issues become impossible to manage, requiring significantly more resources from the safety net.

Commissioner Dr. Will Terry asked a follow-up question: "I'm wondering about the forecast of these drivers of homelessness going forward. Apparently, households are becoming smaller, and so there's more of a demand in that sense. But with respect to housing prices, I would imagine that economics would take over at some point, and the markets would clear. Could you say a little bit more about the drivers going forward?"

- **Marisa Madrigal** noted that the math becomes clear when looking at the physical cost of housing. Even a basic, affordable studio apartment currently costs over \$1,000 per month. The entry-level jobs currently available in the market do not provide sufficient wages to support this rent. When an individual has to manage behavioral health challenges or faces an unexpected personal crisis, the financial math simply fails, making it impossible to remain housed.
- **Liam Frost** agreed and added that local economists have been warning for the last two years that the City of Portland and the wider metro area are in a localized economic recession. As a result, there are very few indicators suggesting a near-term increase in living-wage jobs. Frost cautioned that as homelessness grows, the public tends to put

more and more pressure on the safety net to solve the problem, which is the wrong conclusion to draw. Instead, there must be a concerted effort to develop the local economy so that people have living-wage jobs to return to. Without addressing the underlying economic health of the region, asking for more tax dollars will eventually hit diminishing returns. Frost also addressed the common conflation regarding behavioral health, pointing out that many people manage mental health and addiction issues successfully while housed. However, once housing is lost, managing those severe health conditions becomes nearly impossible, which subsequently places a massive, expensive demand on the public safety net.

Question 4: Asked by Vice Chair Dr. Rita Moore: “Metro reports that 14,000 people have been housed since the SHS tax began, but some in our community feel that the situation on the streets doesn't match those numbers. There is a concern that people are being housed only to end up back on the street a few months later. Are these housing placements permanent, and how do you know? Asked another way, what percentage of people are still in their homes one year later, and how do you make sure the counties are reporting those numbers accurately?”

- **Metro Councilor Duncan Hwang** explained that the SHS fund is a critical resource. In the first four years of SHS implementation, counties moved 4,936 people into permanent housing. Of those housed, more than 85% remained in stable housing one year later. This represents a higher retention rate than is typically seen with other funding sources. However, economic and policy factors outside of the homelessness service system's control are driving increased rates of homelessness, meaning placements are outpaced by growing needs. The number of households in need of permanent supportive housing is higher than when SHS launched. For every 10 people who exited the system to permanent housing in year four, an average of 30 new people entered. This pattern is reflected in the 2025 point-in-time count, which documented a 61% increase in people experiencing homelessness in the Tri-County region between 2023 and 2025, despite the thousands of exits achieved. Regarding data validation, counties submit quarterly and annual reports to Metro, along with quarterly de-identified and disaggregated data for all people served. Metro uses this data to conduct core oversight functions, validate reports, evaluate effectiveness, and ensure funds are spent in alignment with requirements.

Commission Vice Chair Dr. Rita Moore asked a follow-up question: “Is it still fair to say that the point in time count is more than likely an undercount?”

- **Liam Frost** replied that while some undercounts will always exist, the data methodologies implemented over the last two to three years have developed a much more accurate reflection of the transient homeless population, which is constantly in flux. Compared to previous annual point-in-time counts, the current data tracking systems are light-years ahead in capturing accurate figures.

Vice Chair Dr. Rita Moore asked a follow-up question: “So, if I heard correctly, you have an 85% retention among the counties or among service providers in the retention rate, and since Metro has this kind of global view that the counties don't, have you seen any patterns in the

kinds of services that produce the best results? Have you developed any guidelines about what's the best mix of services?"

- **Liam Frost** answered that identifying single trends is challenging because they inherited a system with many different nonprofit service providers doing work across three counties. However, they know that providing services that directly meet people's specific presenting needs—ranging from substance use disorder treatment to culturally competent services for diverse populations—makes them much more likely to be retained. One area of focus is to better identify trends by analyzing specific populations. Currently, they categorize populations served into Population A (chronic homelessness, people with disabilities) and Population B (strong risk of homelessness). Frost noted that he believes these categories are largely redundant and they need to do a more thorough analysis of populations and their actual presenting needs to move forward.

Commissioner Tod Burton asked an additional follow-up question: "There's confusion among voters. Are we getting value from the dollar? There's confusion about who's doing what between Metro, the cities, the counties, the nonprofits. Yet there's still the requirement and the request to ask for more resources to address this problem, and I think maybe a lot of people don't feel like much is getting done. What's your message going forward to people to try to stick with this and try to find a way to address all of these systemic issues?"

- **Liam Frost** answered that they must focus on better aligning resources and increasing efficiency across the whole system, including coordinating with Medicaid and HUD dollars, which are currently highly siloed. Second, they must prioritize prevention, which is far more cost-effective than intervening after someone becomes homeless. Finally, they need to provide clear pathways to stability, such as workforce development. He emphasized that the visible increase in homelessness is a symptom of much larger systemic and societal challenges (such as the cost of living and a lack of living-wage jobs) and that blaming a single voter-approved measure like SHS is a shortcut that will not solve anything.

Commissioner Dr. Will Terry asked an additional follow-up: "You mentioned there was a 63% increase in point-in-time count. How is that mathematically possible?"

- **Liam Frost and Duncan Hwang** responded that significant improvements in data collection methodologies implemented over the last few years are primarily responsible for that dramatic statistical leap, meaning the 61% or 63% increase deserves an asterisk. Previous years suffered from undercounts, and the current system represents a more accurate and comprehensive picture. Beyond data corrections, they noted that the regional system is currently operating at maximum capacity. To achieve greater progress, the region must focus on aligning separate funding silos—such as Medicaid and federal HUD dollars—improving system-wide efficiency, prioritizing cheaper prevention services before individuals become homeless, and establishing pathways to stability through workforce development.

Question 5: Asked by Commissioner Dr. Will Terry: “How are you preparing for the replacement of the parks and nature local option operating levy at the end of fiscal year 2028? How likely is it that you will be asking voters for a new levy, and an increased tax rate?”

- **Metro Councilor Gerritt Rosenthal** answered that the current Parks and Nature local option operating levy is set to expire in June 2028. In early spring 2026, the Metro Council directed staff to prepare a formal work plan aimed at reserving a levy measure on the 2027 ballot. The council is currently evaluating whether to request a simple renewal at the current tax rate or seek an increased rate to offset inflation and operational cost increases. As part of this work plan, staff have been asked to prepare a detailed accounting of current service delivery and estimate the financial requirements necessary to sustain operations through 2033, the conclusion of the subsequent levy cycle. Rosenthal noted that regional polling consistently demonstrates that community members deeply value parks, open spaces, and natural areas as defining characteristics of the region. However, he highlighted that the Parks and Nature department experienced major budget cuts in the prior year and had to pare down operations across several programs to meet budget constraints. Because level funding has failed to keep pace with escalating costs and Metro's acquisition of additional park properties has expanded operational demands, simply renewing the levy at the existing rate would result in future service reductions. The Metro Council will deliberate on these choices in fall 2026 leading into 2027. In the interim, Metro is utilizing its annual budget and Capital Improvement Plan (CIP) processes to clarify long-term maintenance and capital requirements. The CIP process evaluates required capital investments, aligns them with current asset conditions and service priorities, assesses the operational risks of deferring projects, and determines whether credible five-year funding paths exist. Rosenthal noted that staff employs a conservative modeling approach to project future needs and prevent budget surprises, while capital reserves are maintained to address unexpected equipment failures or emergency repairs.

Commissioner Dr. Will Terry asked a follow-up question: “This budget discusses a number of capital projects in parks. We would imagine tariffs and other economic conditions continue to impact capital projects, is that true? If so, how are you adjusting your long term plans to adapt to this reality - what projects might be delayed or canceled?”

- **Gerritt Rosenthal** replied that national economic volatility and external factors continue to create a challenging planning environment. He explained that while federal tariffs have ultimately had a less direct cost impact than initially thought, their unpredictability—compounded by ongoing legal challenges and shifting trade policies—makes long-term forecasting difficult. Additionally, broader cost escalations, supply chain bottlenecks, and rising fuel and transportation expenses continue to affect project delivery timelines and elevate cost risks across Metro's capital portfolio. Metro's CIP requires departments to prioritize projects, define precise scopes, and establish schedules in advance, allowing lower-priority endeavors to be deferred or removed from the plan if funding constraints dictate. Staff work continuously with financial managers to evaluate whether projects remain financially feasible within the five-year plan, reviewing cost estimates for reasonableness and incorporating contingency buffers, although estimating

appropriate contingencies has become increasingly difficult under current market conditions. Rosenthal highlighted a specific operational challenge where Metro commits local funds to a large-scale capital project with the expectation of federal matching funds, but the federal dollars fail to materialize, requiring Metro to remain flexible. He noted that throughout the life of the voter-approved 2019 Parks and Nature Bond, cost uncertainty has been a constant factor, prompting staff to maintain a cautious and knowledgeable approach to initial project scoping. At present, no capital projects in the approved budget are slated for cancellation, though that posture could change if projected funding streams fail to materialize. Finally, Rosenthal emphasized that staff are actively seeking to stretch capital dollars by securing external grants and deepening partnerships with the 26 local park providers across the region. He noted that several partner jurisdictions, such as the Tualatin Hills Park & Recreation District and the City of Tualatin, have successfully passed local bond measures, generating local matching funds that provide enhanced flexibility when collaborating with Metro on shared capital projects.

Question 6: Asked by Commissioner Erik Kvarsten: “Metro works closely with local governments across the region on parks, housing, transportation, and service delivery. How would you characterize the current state of collaboration with these entities?”

- **Metro Councilor Gerritt Rosenthal** answered that collaboration with local governments is generally good, noting that he receives positive feedback from local park officials. Metro coordinates across multiple policy and implementation areas, maintaining spaces of great shared success as well as navigating areas where regional collaboration presents challenges. Monthly advisory bodies, such as the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Policy Advisory Committee (MPAC), continue to serve as essential forums where city, county, and local representatives convene to resolve shared issues. Metro leaders also participate in county coordinating bodies, including the Clackamas County Coordinating Committee and the Washington County Coordinating Committee, and closely monitor priorities identified by the regional mayors' consortium. Elective officials annually advocate in Salem and Washington D.C. for shared transportation priorities, which has proven particularly challenging in recent terms due to shifting federal funding rules and changing federal priorities. Highlighted collaborative successes include the joint implementation of the Affordable Housing Bond—demonstrated by the recent opening of a project in Wilsonville—and subscribed local planning support provided through the 2040 Planning and Development Grant program. All but a few local jurisdictions are actively deploying their allocated shares of the Parks and Nature Bond Fund, and demand for both large and small community investment grants remain high. Additionally, Metro has launched the Future Vision Project, which includes a council-appointed commission tasked with updating the Metro Charter to establish a 50-year regional vision. Outreach for this initiative involves engagement with advisory bodies, the Committee on Racial Equity, public surveys, a dedicated youth cohort, and toolkits distributed to local leaders across the region. While intergovernmental coordination around homelessness services and budget constraints has been contentious at times, Rosenthal noted that feedback from community leaders in his district remains very positive, and Metro continues to reimagine its regional partnerships to navigate shared financial and economic challenges.

Question 7: Asked by Commissioner Dr. Will Terry: “The Oregon Convention Center has struggled since the pandemic, and in this budget we see \$2 million added for a stabilization fund. Could you please provide a status update on the Convention Center - specifically, what is the revenue-to-expense ratio today compared to pre-pandemic levels? And what options is Metro considering to return the Convention Center to those levels?”

- **Metro Councilor Mary Nolan** that the Oregon Convention Center (OCC) has operated in a difficult economic recovery environment since the pandemic forced a full-year closure, requiring event bookings to restart from scratch. Prior to COVID-19, OCC maintained an expense-to-revenue ratio of 89%, meaning the facility spent 89% of generated revenues and allocated the remaining 11% into capital reserves. In the most recent year with complete data, the ratio shifted to 108%, requiring Metro to draw down reserves to cover operational costs. Nolan attributed this gap to general inflation, cancelled events, slow booking recovery, reduced transient lodging tax collections, and negative national news coverage regarding Portland's livability and public safety. In response, OCC executed significant operational cuts, including materials and services reductions, new commercial revenue strategies, and a 17% reduction in full-time staffing. The \$2 million stabilization reserve is designed as a temporary bridge in partnership with Travel Portland and Travel Oregon. Nolan emphasized that Metro cannot cut its way out of the deficit and must focus on growing revenues.

Vice Chair Dr. Rita Moore asked a follow-up question: “Can you provide some national context around conventions and conferences? Is there a general downturn nationally?”

- **Cindy Wallace, Executive Director of the Oregon Convention Center and Portland Expo Center**, answered that post-COVID, there has been a nationwide drop in attendance for national and international conferences. International travel to Portland has decreased by at least 7% in the last six months. However, when convention clients do book in Portland, they experience higher-than-projected attendance rates. For FY26, OCC had 50 conventions, and they are forecasting 50 conventions for FY27. This flat forecast represents a decrease in attendance, hotel stays, and transient lodging compared to pre-pandemic levels, where bookings were around 50 to 55 conventions annually, and had reached 63 to 65 bookings for FY20 before COVID cancellations. The Visitor Development Fund financial review team forecasts that hospitality performance will return to pre-pandemic levels by 2033.

Commissioner Dr. Will Terry asked a follow-up question: “How many conventions were you averaging pre-COVID?”

- **Cindy Wallace** clarified that OCC historically averaged 50 to 55 conventions annually. However, following the November 2017 sales launch of the Hyatt Regency headquarter hotel (which opened on time and on budget in December 2019), OCC had successfully booked 63 to 65 major conventions for FY20 before COVID cancellations wiped out the schedule. Wallace noted that while FY23 and FY24 experienced a temporary surge due to rescheduled events, long-term booking horizons (2 to 5 years out) mean current promotion efforts will take time to show full results.

- **Commissioner Terry** noted that dropping from 65 pre-COVID bookings to 50 represents a substantial 30% decrease in convention volume.

Commissioner Dr. Will Terry asked an additional follow-up question: “We see that you are loaning Prosper Portland \$3 million to develop a food hall across from the Convention Center. Can you explain for us and the public why Metro is funding this effort?”

- **Mary Nolan** answered that Metro is participating in the proposed food hall project to support long-term economic development and competitiveness of the convention center district. Modern convention centers compete not just in exhibit space, but on the surrounding visitor experience (walkability, dining, nightlife). The food hall will address longstanding needs for street-level activation and visitor amenities, support local small businesses and culturally diverse food operators through an incubator-style model, and align with broader recovery objectives for downtown and the Lloyd District.

Commissioner Dr. Will Terry asked an additional follow-up: “How is Prosper Portland repaying the loan, and what recourse does Metro have to recover these public funds if Prosper Portland cannot repay the loan?”

- **Marisa Madrigal, Chief Operating Officer (COO)**, stated that Metro is negotiating an agreement with strict recourse provisions requiring Prosper Portland to back the loan directly, meaning that if the food hall project fails, Prosper Portland is legally obligated to repay Metro. Madrigal stressed that Metro will not proceed without robust taxpayer protections. She explained that the project aims to transform the surrounding streetscape from national fast-food chains (such as Denny's and Red Robin) into an authentic, local Portland culinary experience akin to the Portland International Airport's local vendor model.

Vice Chair Dr. Rita Moore asked an additional follow-up: “Is Metro involved in any discussions about the Moda Center?”

- **Marisa Madrigal** answered that Metro owns the Moda Center building, meaning there is risk for Metro if the transaction does not go well.
- **Councilor Duncan Hwang** added that Metro currently has no direct role in the negotiations, as they have not been asked to participate, and they will not insert themselves.

Commissioner Tod Burton asked an additional follow-up: “Is the area across from the convention center in a URA? If it is, why isn't Prosper paying for this?”

- **Marisa Madrigal** answered that the URA used to be active but is now tapped out. She agreed to follow up with details on whether it is currently in a URA or not.

Follow-up Question asked by Commissioner Tod Burton: “Why loan money if it's in a URA or if Prosper should fund it?”

- **Marisa Madrigal** reiterated that the \$3 million loan represents a strategic investment in the broader regional visitor economy. She emphasized that the vast majority of economic benefits generated by venue assets (OCC, Expo, Moda Center) accrue outside the buildings through regional spending in hotels, restaurants, and retail. Madrigal assured the commission that Metro will build strict contractual protections into the loan agreement, and if Prosper Portland does not agree to those terms, she will not recommend Council approval.

Follow-up Question asked by Commissioner Tod Burton: “There’s been many attempts to activate this area for years, including the Rose Quarter, including the Lloyd District, the area between Lloyd Center and here. What is going to make this one successful?”

- **Marisa Madrigal** confirmed that Metro leadership is asking that question during contract negotiations to ensure the food hall project has a viable, sustainable long-term operating plan before any loan funds are disbursed.

Question 8: Asked by Chair Matt Donahue: “In last year’s budget, the Oregon Convention Center and Expo consolidated key functions, such as sales and administrative teams, to support both venues. Now a year later, how much money has this saved?”

- **Metro Councilor Mary Nolan** answered that the consolidation of staff and management resulted in a reduction in force that saved approximately \$880,000 (about 28% in personnel expenses) in the FY26 budget compared to FY25. Beyond direct financial impacts, it improved operational coordination, sales and booking strategies, scheduling flexibility, and customer service.
- **Cindy Wallace** added that the two properties are sister venues. Over the last 20 years, they have moved about a dozen consumer shows from OCC to the Expo Center to make room for convention business.

Chair Matt Donahue asked a follow-up question: “Prior to this, were they kind of like siloed and maybe even competing with each other?”

- **Cindy Wallace** clarified that the venues were never directly competing but functioned as sister properties. Wallace shared that she began her Metro career at the Expo Center in 2002 and noted that over the past 20 years, OCC has successfully transitioned approximately a dozen large consumer shows to the Expo Center. This strategic shift allowed OCC to prioritize multi-day national convention bookings while ensuring consumer shows retained quality space at Expo.

Chair Matt Donahue asked an additional follow-up: “Has Expo faced the same kind of decline as the convention center?”

- **Cindy Wallace** answered not necessarily in the amount of events, but in attendee count.

Question 9: Asked by Vice Chair Dr. Rita Moore: “The budget notes a \$200,000 investment to modernize the Regional Economic Model by funding a contract to implement a “general equilibrium model”. The public may not be familiar with this model - can you tell us more about what it is used for? Relatedly, can you describe what you are contracting for and how this effort will benefit Metro?”

- **Metro Councilor Ashton Simpson and Josh Harwood, Revenue Analytics Division Director,** explained that Metro is upgrading its regional economic analysis and forecasting tools by subscribing to a general equilibrium modeling framework provided by REMI, the leading national provider. Legacy economic models were built assuming rapid population and employment growth, which no longer reflects current regional economic realities. The upgraded infrastructure provides staff, local governments, nonprofits, and private partners with better data, clearer forecasts, and consistent analytical models. Josh Harwood explained that upgrading to automated modeling technology represents a responsible use of technology that allows Metro's existing internal economists to conduct sophisticated multi-variable analyses without adding 5 additional FTEs.

Vice Chair Dr. Rita Moore asked a follow-up question: “Could you explain the general equilibrium model like I'm a seven-year-old?”

- **Josh Harwood, Revenue Analytics Division Director in the COO's office,** answered that the traditional linear model assumes population growth leads to economic activity which leads to job creation. The general equilibrium model recognizes that economic activity is a circle: it can be started by either population growth or job growth, and they augment each other.

Vice Chair Dr. Rita Moore asked an additional follow-up question: “How long have you been using the model and how reliable are the forecasts?”

- **Josh Harwood** answered that Metro has been using the model for about 20 years. He explained that “the further you get away from the forecast, the more error you're going to produce,” which is normal. The upgrade represents a responsible use of technology to augment the expertise of their existing staff.

Question 10: Asked by Commissioner Tod Burton: “Metro is in the process of replacing its enterprise resource planning system. This is an expensive endeavor in terms of money, staff, and time. How did you determine that this would be worthwhile in the long-term? Have you identified what kind of savings you can expect to see once implementation is complete?”

- **Metro Councilor Ashton Simpson** explained that Metro did not set a goal of achieving cost savings as part of the project, as virtually all research shows that organizations do not achieve cost savings from ERP implementations. Rather, it is to replace outdated legacy software, automate business processes, improve the employee experience, and move Metro to a more data-driven, analytical model. Staffing will not shrink, but jobs will shift from rote manual tasks to deeper analytical work.

Commissioner Tod Burton asked a follow-up question: “Do you feel confident these go on budget and on time?”

- **Brian Kennedy** answered that they feel very confident. They have learned from local government partners who implemented the same system, and their project manager has previous ERP implementation experience. They are implementing Workday, with a projected go-live date of July 1, 2027.

Closing Remarks

Chair Matt Donahue thanked the Metro representatives and staff for their thoughtful and responsive answers. He officially closed the budget hearing and gavelled open the regular business meeting of the TSCC.

Staff Recommendations & Certification

TSCC Executive Director Allegra Willhite thanked the Metro staff for their professionalism, dedication to transparency, and compliance with budget law. She reported that the TSCC staff found the budget estimates to be reasonable for the purposes stated and in substantial compliance with budget law. She concluded by stating that the staff suggests no recommendations or objections to the fiscal year 2026-27 approved budget.

Vote to Certify

- A motion was made by **Chair Matt Donahue** to authorize the commission to sign the certification letter as recommended by staff.
- **Commissioner Erik Kvarsten** seconded the motion.
- All commissioners present voted "Aye".
- Metro's 2026-27 approved budget was certified by the TSCC.

There being no other business, Chair Matt Donahue closed the meeting.