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# Information Report on Portland Performing Arts Facilities Bond (Municipal Measure No. 51)

City Club of Portland (Portland, Or.)

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INFORMATION REPORT\* ON  
PORTLAND PERFORMING ARTS FACILITIES BONDS  
(Municipal Measure No. 51)

Purpose: "This measure would authorize the City of Portland to issue serial general obligation bonds not exceeding \$19,000,000. The proceeds from the sale of the bonds would be used for renovation of the Portland Civic Auditorium, the acquisition and renovation of the Paramount Theatre, and acquisition and construction of both an intermediate and smaller size theatre, including equipment and furnishings for such facilities and purchase or acquisition of land for such purposes."

To the Board of Governors,  
City Club of Portland:

### I. INTRODUCTION AND BACKGROUND

In 1977, a performing arts needs study by a city-appointed citizens Task Force determined that there was a need for additional performing arts facilities in the Portland Metropolitan area. Further study by a second citizens group appointed by Mayor Connie McCready in 1980, the Performing Arts Center Committee, confirmed those needs and recommended to the Portland City Council that renovation of the Auditorium and the Paramount Theatre, coupled with construction of two smaller theaters, would be most successful in providing adequate performing arts facilities in Portland.

The \$19 million generated by the sale of bonds would be used to 1) renovate and purchase additional equipment for the 3,000 seat Portland Civic Auditorium; 2) purchase and renovate the Paramount Theatre to a first-class concert hall, seating approximately 2,750; and 3) finance and construct two new performing arts facilities across Main Street from the renovated Paramount: a 1,400 seat, intermediate sized theatre and a 450-seat, flexible-stage theatre.

In addition to the \$19 million generated from the sale of bonds, \$6 million is to be raised from private sector contributions to reach the \$25 million projected cost. Private fundraising will be the responsibility of the Citizens Committee for the Performing Arts, chaired by Ronald K. Ragen, with Robert D. Scanlan serving as Treasurer. Evans Products Company has already donated a block of downtown property and proceeds from the sale of that property will be applied toward the center should the bonds be approved. The bonds will not be issued until all private contributions are fully subscribed.

Witnesses indicated a broad spectrum of support. Both the Portland Chamber of Commerce and the Association for Portland Progress have endorsed the Performing Arts Center. The Downtown Community Association also supports the project. The facilities will meet the well-documented need for performance facilities. Both local performing arts companies and national touring companies have had to restrict their offerings to the citizens of Portland due to a lack of available performance space.

Opposition to the project is forming from Oregon Taxpayers Union and the Oregon Home Owners Association.

Renovation of the Paramount Theatre is expected to take six to seven months. However, some of the additional property required for the complex will not be available for two years. Facilities would be managed by the City of Portland, utilizing the same administrative structure as the Civic Auditorium. Presently, Civic Auditorium user fees meet operating costs.

## II. FISCAL EFFECTS

The proposed Performing Arts Center bonds would be general obligation bonds. It is estimated by the city that they will be paid off by adding a property tax of 20 cents per \$1,000 assessed value to Portland property owners for 25 years (\$10 additional taxes annually for a \$50,000 home).

## III. ARGUMENTS IN FAVOR

1. The facilities will provide a greater variety and greater number of performances for local audiences. Major touring companies are now forced to bypass Portland due to the lack of performing space, and many local companies are restricted by an area-wide shortage of performing arts facilities.

2. Opportunities for local performing companies to grow professionally will be provided by the increased availability of well-equipped, centrally-located performance spaces suitable to a range of audience sizes.

3. Because the project will enhance Portland's cultural offerings and reinforce the city's "liveability", the city will be more attractive to businesses interested in locating here. Further, businesses located here would be less likely to move away.

4. The project will significantly benefit Portland's economy. According to national studies, approximately \$2.50 are spent for auxiliary services and activities for each dollar spent for admissions to cultural events. Therefore, for the estimated annual \$8 million in ticket sales that the performance facilities would generate, an additional \$20 million would be spent on such items as restaurant meals, hotels, and parking.

5. Tourism will increase. The performing arts draw visitors to the metropolitan area.

6. Creation of the Performing Arts Center will upgrade the South Park Blocks area, resulting in a "cultural corridor" including the Art Museum, the Oregon Historical Society, the Masonic Temple, the Paramount and the two new theatres. This meets one of the primary goals of the City's Downtown Plan.

7. A unique opportunity now exists. The Paramount and the adjacent, undeveloped properties are ideal and available for the proposed uses. Attention now directed to the properties may result in private non-cultural redevelopment or speculation rendering the properties either unavailable or prohibitively expensive.

8. Renovation of the Paramount, rather than all-new construction, will provide Portland with the needed 2,500 to 3,000 seat performance space at a savings of over \$25 million. Additionally, renovation of the Paramount will upgrade a valuable historical building.

9. The Performing Arts Center operating costs will be principally self-sustaining. Additional sources of revenue to meet capital and operating expenses have been identified (e.g., ticket surcharge or sale of rights to construct office or residential space above the complex).

10. Adequate evening parking would be available to the complex. The

Performing Arts Center Committee has identified a potential 3,000 parking spaces within two blocks. The complex would also be conveniently located to mass transit.

11. The public's money will be augmented by a minimum of \$6 million in private funds.

#### IV. ARGUMENTS IN OPPOSITION

1. There will be a significant cost to taxpayers for the project. In these difficult fiscal times, there are other programs and projects that claim higher priority for the taxpayers' dollar, e.g. school funding.

2. Adequate parking may not be available in the area for Performing Arts Center users. If that proves to be accurate, there is no funding identified for parking facilities.

3. It is not necessary for local government to undertake this project when private development has and can provide the same benefit to the community while operating on a profitable basis. (For example, the Paramount is currently owned and operated on a private basis.)

4. The issuance of general obligation bonds for the Performing Arts Center increases Oregon's heavy bonded indebtedness. Increasing this indebtedness reduces the confidence with which the bond market evaluates Oregon. Due to this loss of confidence, subsequent bonds may be issued at higher cost to local government.

5. The complex may never be self-sustaining. Future funding alternatives (e.g., ticket surcharge or sale of rights to construct office or residential space above the complex) have no guarantees of success. The Performing Arts Center may require ongoing subsidy from City government.

\* Prepared without conclusions or recommendations by Standing Committee on Arts & Recreation members Jocelyn A. Butler, Carol Hoffman, Stuart Mechlin and Randolph West, and Standing Committee on Taxation and Public Finance member Jonathan Moore.