

Lents Town Center Urban Renewal Area***FY 2009-10 Draft Proposed Budget and Forecast, up to FY2019-20******AAA Baseball Stadium Scenario – May 12, 2009***

The following summarizes the potential impact that funding a AAA Baseball Stadium (“Baseball Stadium”) in Lents Town Center URA (LTC URA) would have on projects and programs included in the FY2009-10 Draft Proposed Budget and Forecast, up to FY2019-20. The URAC reviewed a \$25 M tax increment financing (TIF) scenario in March 2009. The new scenario is based on a \$42 million request.

Background

The MLS/AAA Baseball Task Force recommended that the City Council support a proposal by Shortstop, LLC to bring Major League Soccer (MLS) to Portland, that PGE Park be refurbished for MLS use, and that an alternative site for Triple A baseball be developed. After considering many scenarios, including the Rose Quarter, the City and Shortstop, LLC are analyzing the potential to build a Baseball Stadium in the LTC URA. Staff was asked to work with the Urban Renewal Advisory Committee to determine the potential impact on projects if \$42 million of TIF was used for this purpose. With more recent analysis, and as more information became available as a result of ongoing negotiations, staff has reviewed the potential impact on projects/programs for \$42 million.

Assumptions

To prepare the requested analysis, staff assumed the \$42 million stadium funding would be split between 2 years with \$20 million in 2010-11 and \$22 million in 2011-12. Financing capacity was calculated using the assumptions typically used in modeling the LTC URA Budget and Forecast, which is consistent with the debt issuance policies established by the City. In order to demonstrate the potential impact on projects currently included in the requested 2009-10 LTC URA budget and forecast, staff identified potential project postponements that would accommodate the addition of the Baseball Stadium. While this exercise is illustrative of impacts, it is not intended to suggest an actual or proposed budget. For example, under this scenario, we could have \$100M of expenditures over the next five years and based on the TIF set aside policy, PDC would need to budget \$30M for housing. However, in this scenario we are illustrating a \$10M budget for housing, which results in a deficit under the current policy, as well as a reduction in the current forecast of housing resources and all other projects. More importantly, the URAC, and other stakeholders, would be engaged in any future discussions about the impact of adding this project to the URA and provide recommendations about specific project budgets and postponements.

Summary

Providing \$42 million in TIF for the AAA Baseball Stadium in LTC URA would reduce the financial capacity to fund projects which were identified as priorities for the community by the URAC during the 2009-10 budget process. Additionally, the stadium financing would consume enough financial capacity (maximum indebtedness) that potential projects beyond the five year forecast (post 2013-14) would be reduced which could hinder the URAC’s ability to accomplish the goals established in the 1998 URA Plan and reiterated in the 2008 Plan Amendment.