

Lents Town Center Urban Renewal Area

FY 2009-10 Approved Budget and Forecast, up to FY2019-20

AAA Baseball Stadium Scenarios – June 18, 2009

Introduction

The following is a summary of the potential impact of funding a new publicly owned baseball park (“Baseball Stadium”) for the AAA Portland Beavers in the Lents Town Center Urban Renewal Area (LTC URA). The funding impacts on projects and programs are illustrated through an analysis of the FY2009-10 Approved Budget, Five Year Forecast, and through FY2019-20. The Urban Renewal Advisory Committee (URAC) reviewed a \$25M tax increment financing (TIF) scenario in March 2009 and a \$42M request in May 2009. The final request, which is part of a larger public finance plan, is \$42.3M. Of this amount, \$2M would be allocated to mitigate any loss of park resources in Lents Park. The URAC Chair also asked PDC staff to generate an analysis of a \$27.3M stadium funding plan that includes \$2M for park mitigation.

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 have analyzed and selected Lents Park to build a Baseball Stadium. Staff was asked to provide the URAC with information on the potential impact on projects if \$42.3M of TIF was used for this purpose. This analysis was distributed to the URAC on June 4, 2009. Subsequently, with more recent analysis, input from policymakers, and as more information became available as a result of ongoing negotiations, staff has amended the potential impact on projects/programs for \$42.3M and created a new scenario for \$27.3M. The former change reflects the request to proceed funding affordable rental housing projects as part of a Request for Proposals that PDC released earlier this year sooner in lieu of the Foster/Woodstock Streetscape (Scenario 1). The latter scenario (Scenario 4&5) assumes a new URA district would be created in the Central City that would include \$15M for PGE Park thereby offsetting the total amount needed from the City’s Spectator Fund that would be become available for the AAA stadium in Lents.

Assumptions

To prepare the requested analysis, staff assumed the \$42.3 million stadium funding would be split between two years with \$20 million in 2010-11 and \$22.3 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 approved 2009-10 LTC URA budget and forecast, staff identified potential project postponements, reductions, and eliminations 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.

Policy Considerations

As discussed above, each scenario represents a change from the approved budget and currently planned future forecast. More importantly, the URAC, and other stakeholders, will be engaged in any future discussions about

the impact of adding this project to the URA and provide recommendations about specific project budgets. In addition to a required budget amendment to fund the stadium, the proposal could require policy changes to the debt policy (Scenario 3) or housing set aside policy (Scenario 2/3/5). Finally, as required under Oregon Revised Statutes 457, the URA Plan (2008) would need to be amended to site a TIF funded building in the URA. This project was not discussed during last year's plan amendment process so it is not currently included in the adopted plan. According to new procedures adopted last year as part of the first round of URA amendments (including Lents), this is categorized as a "City Council Approved" amendment, which also requires a resolution by the PDC Board. All potential changes described above require approval by the City Council.

Summary

Providing \$42.3M 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. Providing 27.3M would also have an impact but not as severe. Both cases of funding the stadium would also reduce the overall resources available in the district due to the early utilization of large amounts of TIF and the required debt service and fees. Additionally, under each scenario, the stadium financing would consume enough financial capacity (maximum indebtedness) that potential projects beyond the five year forecast (post 2013-14) would also be reduced. Effectively, this could alter the URAC's ability to accomplish all of the goals established in the 1998 URA Plan and reiterated in the 2008 Plan Amendment. For a more specific analysis of the budget scenarios, please refer the "Budget Matrix" and each budget scenario.