



OFFICE OF MAYOR SAM ADAMS
CITY OF PORTLAND

Date: June 16, 2009
To: Lents Town Center Urban Renewal Advisory Committee
From: Skip Newberry, Economic Development Policy Advisor
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Subject: Outline of process for siting AAA-baseball in Lents Park

On March 11, 2009, the Portland City Council voted to accept the Major League Task Force's recommendation to support Merritt Paulson's efforts to bring a Major League Soccer (MLS) franchise to Portland. In order to accomplish this goal, a number of things need to occur. First, a new home must be found for the AAA-baseball franchise, the Portland Beavers. The Beavers currently play in PGE Park, so by April of 2011, the Beavers must have access to a stadium facility that does not cause their schedule to come into conflict with that of the Portland Timbers, the new MLS franchise.

The MLS Task Force considered two possible sites for relocating the Beavers: Memorial Coliseum and Lents Park. Following a citywide analysis of potential sites for a new Beavers stadium facility, the Rose Quarter emerged as a potential site for the ballpark, as a way to revitalize the underdeveloped central city district. However, after a workshop and a public open house, it became clear that there is not a viable way for the Memorial Coliseum and a baseball stadium to coexist in the Rose Quarter. Mayor Sam Adams decided not to pursue demolition of the Memorial Coliseum for a baseball stadium.

The focus for a site moved to Lents Park in April 2009, though the site had been considered by Merritt Paulson's development company, Peregrine, LLC for over a year. Peregrine, LLC entered into discussions with the Lents Neighborhood Association regarding Lents Park last year, and the Lents Neighborhood Association conducted a survey of neighborhood residents, asking, among other things, whether the residents supported the idea of building a AAA-baseball stadium in Lents. Results from that poll indicated that a majority of respondents supported the idea of bringing AAA-baseball to Lents. That survey did not ask any questions related to financing.

Lents Park is an attractive site because of its proximity to I-205 and light rail (the MAX Green Line is scheduled to open September 2009). Additionally, there will be a new light rail stop one block from the proposed stadium location. Furthermore, the freeway access makes the stadium accessible to fans in Multnomah, Clark, and Clackamas counties.

Finally, a AAA-baseball stadium is identified as a community priority in the Lents Neighborhood Plan, adopted in 1996. The plan calls on the city to "study the feasibility of expanding Walker Stadium in Lents Park to seat approximately 10,000 people. Encourage attracting a minor league professional baseball professional baseball team to this location."

That brings us to this week’s Lents Urban Renewal Advisory Committee (Lents URAC) meeting. In order to build a AAA-baseball stadium in Lents Park, \$42.3 million in urban renewal money is needed. Mayor Sam Adams has said he would not support building the stadium in Lents if the Lents URAC is not supportive of the urban renewal piece of the financing package.

A representative from the City’s Office of Management and Finance will be available to answer questions about the financial proposal at Thursday’s open house and URAC meeting, which will immediately follow.

The following is a summary of the sources of funds available to finance the entire MLS/AAA-baseball deal.

Source	Amount
Spectator Facility Fund Backed Bonds	\$7.5M ¹
Lents URA TIF-Backed Bonds for AAA-Baseball	\$40.3M ²
Spectator Facilities Fund Capital Reserve Payment	\$1.2M ³
Prepayment by Peregrine, LLC of Yrs. 8-25 of Rent and Scheduled User Fees	\$17.5M ⁴
Other Funds	\$9.0M ⁵
Peregrine, LLC Cash Contribution	\$7.5M
TOTAL	\$83.0M

The Lents Town Center URAC is advising the Portland City Council on this specific issue related to the ballpark: Whether to invest \$42.3M in urban renewal funds toward the construction of a AAA-baseball stadium in Lents Park. If the URAC is supportive of investing in a stadium, a number of things must happen before the City and Merritt Paulson/Peregrine, LLC reach a final, binding agreement. It is during that process that remaining issues related to siting the stadium will be fully addressed.

The first step following a URAC recommendation is City Council consideration of four documents:

- 1) a resolution directing the Bureau of Planning and Sustainability to commence stadium-supportive planning work, and to appoint a Good Neighbor Agreement negotiating team which includes representation from the Neighborhood Associations, Peregrine LLC and the City;
- 2) a non-binding term sheet outlining proposed deal terms between the City and Merritt Paulson/Peregrine, LLC;
- 3) a sole-source bidding exemption that would award the stadium construction contract to Merritt Paulson/Peregrine, LLC; and
- 4) a predevelopment agreement between the City and Merritt Paulson/Peregrine LLC.

1 The Spectator Facilities Fund is supported by revenue from, among other things, City-owned parking garages, ticket taxes, rents, and user fees paid to the City by operators of City-owned facilities. Some of these bonds will be zero coupon bonds.

2 The total request from the Lents URA is \$42.3 million, including \$2 million for parks replacement projects.

3 The Spectator Facilities Fund Capital Reserve sub-account is used to finance on-going maintenance and repair of City-owned spectator facilities. After this payment, the balance will be \$1.3M.

4 This amount is the present value, discounted at 8%, of the scheduled rent and user fees for both stadiums for years 8-25.

5 Merritt Paulson is obligated to come up with a source for these funds or the deal does not move forward.

If City Council approves these documents, then the City and Merritt Paulson/Peregrine, LLC have until September 1 to convince Major League Soccer that the financial terms of the deal can be satisfied and renovations can be made to PGE Park to convert it into a soccer specific stadium by April of 2011. If MLS is unconvinced, MLS has reserved the right to rescind its offer and award the major league soccer franchise to Montreal, Canada.

Simultaneously, planning and predevelopment site work must commence on the stadium facilities in order to allow sufficient time for construction. At this point in time, construction is scheduled to begin in early 2010.

Part of that predevelopment work involves a Bureau of Planning and Sustainability-led legislative process to amend the code to allow a stadium in Lents Park. This process would allow multiple opportunities for public input, including at the Planning Commission and eventually at the City Council. The same resolution would call for transportation planning, a Good Neighbor Agreement, and Design Review of the stadium.

When Merritt Paulson acquired the Portland Beavers and the Timbers, the City required Merritt Paulson and his operating company to enter into a Good Neighbor Agreement with the Goose Hollow Neighborhood Association. The City will require Merritt Paulson to enter into an equally comprehensive Good Neighbor Agreement with the Lents Neighborhood Association if (1) the Lents URAC recommends to City Council that \$42.3M of Lents URA funds should be invested toward constructing a AAA-baseball stadium in Lents Park and (2) City Council decides to accept this recommendation. A Good Neighbor Agreement will be negotiated at the same time as the definitive legal documents. Good Neighbor Agreements typically cover issues such as noise levels, parking, littering, lighting, alcohol, communications, hours of operation, community use, etc. The Lents Neighborhood Association, not the URAC, is the appropriate venue for considering these issues. Community input regarding these issues will happen over the summer and fall should this project proceed.

Following this predevelopment and planning work, definitive legal documents must be negotiated and substantially completed. In contrast to the proposed term sheet, which is not binding, the definitive documents are binding legal documents. These legal agreements will establish the respective rights and obligations of the City and Merritt Paulson/Peregrine, LLC regarding all aspects of the deal, including financing, construction, transportation improvements, operations, neighborhood issues, etc. If this project moves forward, those documents will need to be submitted to City Council for their approval during the fall.

If the Lents URAC decides not to recommend that the Portland Development Commission invests \$42.3M in Lents URA funds to finance the construction of a AAA-baseball stadium, then Merritt Paulson and the City will return to the negotiating table to evaluate what happens to the Portland Beavers. Merritt Paulson could decide to relocate the Beavers to a location outside of Portland temporarily or permanently, and Lents Park will no longer be considered as a possible site for the AAA-baseball stadium. Likewise, should this project move forward with a City Council-approved pre-development agreement, it is possible that issues may arise during the planning and predevelopment process that render Lents Park nonviable as a site for AAA-baseball.

We appreciate the Lents Town Center Urban Renewal Advisory Committee's careful consideration of this proposal. Please let us know if we can provide further information.