

Metropolitan Exposition-Recreation Commission

Resolution No. 94-51

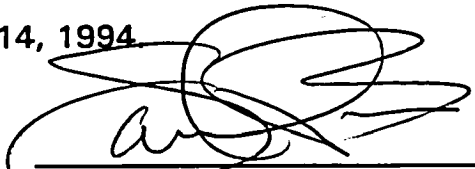
Approval of a Baseball Club to enter into a lease agreement with Civic Stadium to begin play for the 1995 season.

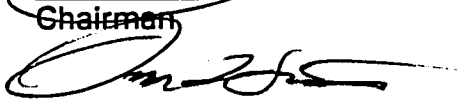
The Metropolitan Exposition-Recreation Commission finds:

1. MERC has been engaged in the analysis of two baseball options via staff and a Commission committee exploring league and club viability.
2. Earnest negotiations have been on-going with the two options: the proposed Portland franchise of the Western Baseball League and a Single A baseball franchise currently located in Bend, Oregon.
3. It is now essential to select a Baseball Club to allow sufficient time for club operational needs and team promotion.
4. Committee members and staff have completed their analysis and have put forth a recommendation.


**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition-Recreation Commission directs staff to complete negotiations and upon the completion of the negotiations and review by legal staff, to return to the MERC for approval of a multi-year rental license agreement for Civic Stadium with the Bend Single A Baseball Club to commence play at the beginning of the 1995 season.

Passed by the Commission on September 14, 1994

  
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Chairman

  
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Secretary-Treasurer

Approved As To Form:  
Daniel B. Cooper, General Counsel

By:   
\_\_\_\_\_  
Mark B. Williams  
Senior Assistant Counsel

## MERC STAFF REPORT

### **Agenda Item/Issue: Future Improvement Needs for Civic Stadium.**

Date: September 14, 1994

Presented by: Candy Cavanagh

**Background and Analysis:** Since the completion of the Business Plan process, staff has been implementing the plan's short-term goals of reducing costs and increasing revenues. Work has continued surrounding the long-term goal of securing an anchor tenant. Although Triple A baseball will not be that anchor tenant for the next few years, Commission Committee and staff work has brought the guarantee of a baseball team's return to Civic Stadium for the 1995 season. We forecast the return of baseball to slow the draw down on the reserve fund extending its exhaustion date. However, as staff has continued to investigate the capital needs of the Stadium, necessary major capital improvements for safety and usability, such as turf replacement, bleacher renovation etc. will be required in the next 3 to 6 years. The necessity of structural seismic upgrades remains an unknown but needs to be considered in an analysis of capital needs. Improvements to extend the facility's future marketability would be a cost over and above these basic safety/operational issues.

**Fiscal Impact:** Staff's initial estimates of necessary upgrades, to include seismic improvements, fall in the five to seven million dollar range reaching far beyond the facility's existing reserve fund. Over and above the basic improvements, staff estimates another \$ 10 million to extend the facility's marketability for another 20+ years.

**Discussion With Commission Liaison and/or User Groups:** The Stadium's liaison commissioners and the Sports Authority liaison commissioner have reviewed the attached report. The report has also been shared with Metro's Regional Facilities Committee at their August 17, 1994 meeting.

**Recommendation:** Staff suggests MERC recommend the initiation of a process implemented by Metro and Portland's City Council to explore the future of Civic Stadium: the need and the role of a municipal stadium within our community and whether Civic Stadium, with significant improvements, can fulfill that role.

## **PORTLAND CIVIC STADIUM:STAFF REPORT AND RECOMMENDATION**

### **Background up to the present:**

In September of 1993 the Metropolitan Exposition Recreation Commission publicly introduced and committed to developing functional and practical business plans for each of the facilities it oversees. The culmination of months of research, public meetings and staff analysis netted MERC a set of facility business plans each of which became the road map the Commission and staff has used to work towards financial stability and successfully perform our public mission.

For Civic Stadium, the business plan's stated mission is "...to provide the community with a financially stable, well-managed facility where our citizens can come together to enjoy and support sports and entertainment in an urban, outdoor setting."

Several financial challenges have and will continue to face the facility as it strives to maintain its integrity within the community. First, the facility receives no public financial support. It must run at breakeven or better operation or dip into its fixed reserve fund. Second, the facility faces major capital requirements within a few short years without the benefit of an established replacement/renewal fund. The needed capital items far exceed its fixed reserve fund resource. Lastly, the marketability of the facility is diminished by its age, limited amenities and seasonal salability.

The Business Plan sets forth a series of short term goals aimed at closing the deficit gap and preserving as much of the reserve fund balance as possible. Cost cutting measures were implemented and high yield events were secured to hold the deficit as low as possible. Over the past fiscal year 1993-94, staff succeeded in reducing the projected loss from \$ 686,000 to less than \$ 268,000. Staff feels confident it can continue to hold annual losses to this level and even improve upon the financial picture with an expanded event mix of more concerts, fraternal/religious gatherings and the occasional exhibition sports activity. Also under analysis is the prospect of running the facility on a partial year program to further save dollars.

The long term Business Plan goal, that of securing a viable anchor tenant continues to elude our community. Although extended marketing efforts have taken place this last year to attract another Triple A franchise from Calgary, the owner ultimately opted to remain in his home town. Other Triple A possibilities remain remote for the next several years. MERC staff is currently in discussions with two lower level baseball options, one of which we expect to secure for the 1995 season and for a few seasons beyond.

All this effort has resulted in a couple of pluses. One, the draw on the reserve fund has been slowed allowing the facility to keep its doors open beyond the end of fiscal year 1995-96 when the fund was projected to be exhausted. Two, the Stadium will continue to be visited by the people of our community whether its to enjoy an evening of baseball, catch a concert or cheer for their kids at a high school football game.

## MERC STAFF REPORT

Agenda Item/Issue: Approval of a Baseball Club to begin play for the 1995 Season

DATE: September 14, 1994

Presented by: Candy Cavanagh

Background and Analysis: Over a year ago the Metropolitan Exposition-Recreation set out to develop Business Plans for the facilities it operates on behalf of the public. The Stadium Business Plan project brought together a variety of Stadium Users and interested members of the public to define the community role of the Stadium and a course of action needed to run the facility in a financially stable manner. Among the conclusions which emerged from this public process was the goal to secure an anchor tenant who would contribute to the facility's financial stability allowing it to remain an asset for the people of our region.

The Commission and staff along with strong support from the Portland Metropolitan Sports Authority, the City of Portland and Metro spent the last year working to attract a baseball club back to Portland. Although our Triple A prospect, the Calgary Cannons opted to remain in Calgary, we have had the opportunity to enter into discussions with two other prospects: the potential Portland franchise of the newly formed Western Baseball League and the owner of the Single A Baseball club currently located in Bend, Oregon. Both entities were asked to make presentations to staff and three members of MERC, the two Stadium Liaison Commissioners and the Liaison Commissioner for the PMSA. Both did so and provided us with a good deal of background material on their respective leagues, local franchise management and philosophies on club operation/marketing/promotion.

After careful analysis it is staff's recommendation with the concurrence of the three Liaison Commissioners taking part in the review, that the Single A Club offers the best prospect for continued fan support of baseball in our community.

This recommendation is based upon the long-term stability of the NW League, the 15 years of baseball experience of the Single A franchise owner, financial support of its parent club and this Club's demonstrated marketing and promotion expertise. Discussion in principle of the financial arrangement of a lease has taken place and is satisfactory.

Discussions with the Commission Liaisons and/or User Groups: As mentioned Stadium Liaison Commissioners Middleton, Foster, and PMSA Liaison Commissioner Conkling took part in the presentations and analysis of background information.

Recommendation: Staff recommends approval of the selection of the Bend Single A Baseball Club to become the Club operator at Civic Stadium subject to successful conclusion of contract negotiations.

### The Future: Long Term:

In the next three to five years Civic Stadium faces capital replacement/renewal costs of significant proportion; requirements which, if not addressed, will render the facility unusable. The artificial turf is in year four of its ten year life span with a replacement price tag of \$ 1.3 million. More daunting, seismic upgrade requirements are expected to run five to seven million dollars. Whether the facility can avoid initiating such upgrades is speculative. In any case, the long term future of the facility as it stands today is a mere five years. Simply to keep the facility open will require a seven to ten million dollar expenditure which does not include appearance upgrades, added amenities, ADA etc. needed to keep the facility marketable into the future. Staff estimates another \$10 million would be needed to extend the facility's life span another 20 to 25 years.

Because the level of dollars required will most certainly need to be financed in some public manner, some very fundamental questions need to be asked and answered:

Does Portland want and need a municipal stadium? And, if so, for what purpose?

Is the existing facility, Civic Stadium, of significant value in terms of its urban setting, proximity to light rail, versatility and historical perspective to warrant a \$ 20 million investment?

What are the options and how does this community arrive at the optimum decision for a responsibility shared by city and regional government and a resource owned by the citizens of this region?

Although MERC can buy time through operational conservation and some creative marketing, it can not solve the \$ 10 to \$ 20 million requirement necessary to ensure a municipal stadium as part of Portland's public facility mix on into the 21st century.

Needed is a public decision making process whereby information is gathered and analyzed to reach a decision which is accepted and supported by this region's citizens.