

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ESTABLISHING A ) ORDINANCE NO. 91-443  
METROPOLITAN SPORTS AUTHORITY ) Introduced by Rena Cusma,  
 ) Executive Officer

THE COUNCIL OF THE METROPOLITAN SERVICE DISTRICT HEREBY ORDAINS:

Section 1. The following sections are added to the Code  
of the Metropolitan Service District:

Chapter 6.02

METROPOLITAN SPORTS AUTHORITY

6.02.010 The purpose of this Chapter is to establish a  
metropolitan authority to engage in long-range planning for sports  
facilities and programs, to facilitate the promotion of sports  
programs and to increase utilization of existing and future  
spectator facilities within the District. These activities will  
contribute to the economic vitality, diversity and livability of  
the metropolitan region.

6.02.020 Definitions: As used herein:

- A. "Authority" means the Metropolitan Sports Authority  
established hereunder.
- B. "Council" means the Council of the Metropolitan Service  
District.
- C. "Councilor" means a member of the Council.
- D. "District" means the Metropolitan Service District.
- E. "Executive Officer" means the Executive Officer of the  
Metropolitan Service District.

6.02.030 Authority Created: There is hereby created a Metropolitan Sports Authority consisting of eleven (11) members. All members shall be appointed by the Executive Officer and shall be confirmed by a majority of the members of the Council. Authority members shall be appointed as follows:

- A. All members shall serve a term of one year or until a permanent structure is established by the Metro Council.
- B. The Executive Officer shall designate one member of the Authority to serve as the Chairperson for a period of one year subject to the power of the Executive Officer to renew the designation or to terminate it at any time and designate another member as the Chairperson.
- C. A vacancy shall occur from the death, resignation, or inability to serve of any member or from the removal of a member by the Executive Officer.
- D. Vacancies shall be filled pursuant to the procedure governing the initial appointment of members.
- E. The Authority may adopt its own rules of organization and procedure and, except as provided for the appointment of the Chairperson in subsection (b) above, may elect its own officers for such terms and with such duties and powers necessary for the performance of the functions of such offices as the Authority determines appropriate.

6.02.040 Specific Purposes and Functions: The Authority shall have the following specific purposes and will perform the following functions:

A. Purposes

- (1) To attract national and international sports events and programs to the region and commit the region to host such events and programs;
- (2) To promote and facilitate the coordination of the development of sports programs and facilities within the District as well as between the District and other areas of the state;
- (3) To promote the increased use of existing and future sports facilities in the District;
- (4) To facilitate long-range planning for the District's sports facilities and programs;

B. Functions

- (1) No later than January 1, 1993, the Authority will recommend a detailed plan of organization to the Metro Council. The plan will include recommended changes, if any, to the Authority's mission, organization, structure, staffing, funding, purposes and functions. It will address the role of an associated private non-profit if such a relationship is recommended.
- (2) Establish Authority organization.
  - (a) Establish appropriate committees and technical advisory groups.
  - (b) Develop a detailed work plan.
- (3) Assemble a long-range planning team for stadium development and major league team acquisition.

- (a) Identify strategy.
  - (b) Review options for expansion of Civic Stadium.
  - (c) Begin plans for stadium (land inventory, explore financing options, etc.).
  - (d) Identify strategies for optimizing income at Civic Stadium as well as any future stadium to be built.
- (4) Complete inventory.
- (a) Facilities inventory
  - (b) Resource inventory
  - (c) Master calendar of events
  - (d) Events inventory
- (5) Conduct market research to match community resources with events.
- (a) Identify best events for bids.
  - (b) Seek to identify Portland's market niche.
- (6) Initiate relationships with local sports organizations and national sports governing bodies.

6.02.050 Relationship to the District: The Executive Officer shall appoint an Executive Director and assign other staff as necessary to assist the Authority in carrying out the Authority's purposes and functions.

6.02.060 Relation to Tax Exempt Private Nonprofits: The Authority may enter into cooperative agreements and/or contracts with any tax exempt, private, nonprofit corporation whose purpose is the promotion of sports in the region.

6.02.070 Budget and Accounts: The Authority accounts shall be kept in conformity with the accounting practices of the District, and the accounts shall be audited yearly at the same time and by the same auditor as are the District's accounts. The Authority annually shall prepare a proposed budget in accordance with the local budget law and the schedule and requirements of the District and shall submit the budget to the Executive Officer for inclusion in the Executive Officer's budget submission to the Council. The Authority's budget shall be subject to review and approval by the Council.

ADOPTED by the Council of the Metropolitan Service District  
this \_\_\_\_ day of \_\_\_\_\_, 1991.

NOT ADOPTED

Tanya Collier, Presiding Officer

ATTEST:

\_\_\_\_\_  
Clerk of the Council



**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

DATE: January 7, 1992  
TO: Regional Facilities Committee  
FROM: Casey Short *CS*  
RE: Ordinance 92-443 - Establishing a Metropolitan Sports Authority

There are several issues I would like to raise regarding the proposed ordinance to create a Metropolitan Sports Authority. This ordinance is on your agenda for January 14 as a work session item; no action is expected at this first hearing.

1. What is the need and expected benefit of establishing a Sports Authority, and is this something Metro can afford to do at this time?

Establishment of a Sports Commission was a recommendation of the Stadium Subcommittee of the Regional Facilities Public Policy Advisory Committee (PPAC), which the full Committee included in its report. There is little justification of this action in the report, though the staff report accompanying Ordinance 92-443 provides some background. Even the staff report, however, provides little detail on the need and expected benefit of a Sports Commission (or Authority); it would be helpful for the Council to receive more information on the reasons the Stadium Subcommittee and full PPAC recommended establishment of such a group.

Assuming that more thorough justification is provided, the Council has a fundamental policy question to consider in deciding whether to approve creation of a Sports Authority. That is the question whether this proposal is a high enough priority to warrant the support it would require in terms of time, energy, staff resources, and money. Other proposals under consideration include the End of the Oregon Trail project; restructuring of the Metropolitan Arts Commission; methods to finance ongoing operations of the performing arts facilities, including funding for arts programs and groups; and coordination with the City of Portland and the Trail Blazers in construction of the Trail Blazers' arena. Are there resources available to support all of these proposals, and if not, is the creation and support of a Sports Authority more important than one or more of the others? To put it more simply, where does this proposal fit in the priorities for Regional Facilities?

**2. Should the establishment of a Sports Authority be codified prior to clarification of its function?**

If an agency to promote sports activities is to be created and supported, the next question to consider is how the group should be structured. The proposed ordinance directs the Authority to recommend a detailed plan of organization to the Council by January 1, 1993. That plan is to include "recommended changes, if any, to the Authority's mission, organization, structure, staffing, funding, purposes and functions." The conclusion I draw from this statement is that the principal function of the proposed Authority in its first year is to study the issues surrounding its creation, and propose to the Council a mission and a structure for such an Authority. If that is the case, I suggest that it would be more appropriate for the Council to adopt a resolution authorizing the Executive Officer to appoint a task force whose members would be confirmed by the Council; the task force would be given the charge of recommending the proper mission and structure of a Sports Authority. This approach is preferable to committing to the creation and codification of such a body before we know what its long-term role will be. There are questions surrounding the creation of a Sports Authority that should be answered before it is in fact created, some of which are posed below. It is probably appropriate and timely to begin addressing those questions, but through a group specifically convened for that purpose; such a group does not require establishment through the process of enacting a new section of the Metro Code.

**3. Could MERC perform the work proposed for the Authority?**

Section 6.01.040 of the Metro Code lists the power and authority of the Metropolitan Exposition-Recreation Commission. Those include: perform planning and feasibility studies for convention, trade, and spectator facilities; operate and market the facilities; and employ assistance as the Commission finds necessary, appropriate, or convenient for its purposes.

It could be construed that the work proposed for the Authority duplicates that already assigned to MERC. Should Metro create another organization to do work that an existing organization may already have within its charge?

**4. What is the difference between a sports "authority" and a sports "commission?" Why does the ordinance call for establishment of an authority rather than a commission?**

The staff report states that, "the Stadium Subcommittee and the full Public Policy Advisory Committee recommended that Metro establish a sports authority to promote and attract professional and amateur sporting events and teams to the region." Recommendation G in the PPAC report (p. 39) refers to a sports commission, both in the title and the text.

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5. Does Metro have the authority to create an Authority? If so, would the statutory provisions governing Metro commissions (ORS 268.395 - 400) apply to this Authority as well? Is this ordinance consistent with Resolution No. 87-810, which established policies for the creation of operating commissions?

6. Is there a record of any meetings held to discuss formation of a sports authority, and if so, can it be made available to the Council? Did the group of interested parties make any specific recommendations?

The staff report refers to discussions held on this subject following the issuance of the Stadium Subcommittee's recommendation, and says that this ordinance is a result of those discussions. Neither the staff report nor the ordinance cites any specific recommendations of the group of interested parties, nor is there reference to any record of the group's deliberations.

7. What is the estimated cost to Metro for the sports authority for the remainder of FY 91-92? Is there a budget for the organization?

The staff report states, "the Executive Officer will assign current Metro personnel to provide staff support to the Sports Authority" for the current fiscal year. In addition to the questions posed above which that statement brings to mind, will other work not be done in order to do the work required for the sports authority, and if so, what work will not be done?

8. What will be the relationship of the Executive Director to Metro?

Section 6.02.050 states, "The Executive Officer shall appoint an Executive Director and assign other staff as necessary to assist the Authority in carrying out the Authority's purposes and functions." Will the Executive Director be directly employed by Metro or be an employee of the Authority? Will this position be full-time, be incorporated into the duties of an existing staff person, or something else? This question is tied to question #7, on the budget.

9. Is it the intent of this proposed ordinance for the Authority to dissolve after one year if no permanent structure is established in that time?

Section 6.02.030(A) of the proposed ordinance states, "All members shall serve a term of one year or until a permanent structure is established by the Metro Council." I read this to mean that the Authority will exist for a year or less; it is expected to be reconstituted in another form within that time. If no permanent structure is established and approved by the Council within a year, will the Authority continue to exist?



This section could alternatively be interpreted to mean that terms are indefinite, and could continue in perpetuity if no permanent structure is established. If the ordinance is to be adopted, this section should be clarified.

10. Will the Executive Officer have sole authority to designate the Chair, and be able to replace the Chair at any time?

Section 6.02.030(B) appears to give the Executive Officer the authority to name the Authority's initial Chair, renew that appointment at the end of a year, and replace the Chair at any time (subject to clarification on duration of terms discussed in #9, above). Should the Council have a voice in determining the Chair?

11. Are there criteria for the Executive Officer to justify removing a member of the Authority?

Section 6.02.030(C) states, "A vacancy shall occur from the death, resignation, or inability to serve of any member or from the removal of a member by the Executive Officer" (emphasis added). I do not find any reference in the proposed ordinance to any limitation on the Executive Officer's authority to remove a member. Should the Council have the authority to confirm such a removal, or should some other restriction be placed on the Executive's discretion in this matter?

12. Are there criteria for appointment to the Authority?

The proposed ordinance states only that the eleven members shall be appointed by the Executive Officer and confirmed by the Council. Are there any areas of expertise that should be represented by members, should there be a residency requirement, should certain interests be represented, etc.?

13. Is there any particular reason for the Authority to consist of 11 members?

14. What is the "inventory" referred to in Section 6.02.040(B)(4)?

It is not clear what is meant by conducting an inventory: is this to be an inventory of local facilities, a comparison of local facilities with others across the nation, or something else? To what extent has the Public Policy Advisory Committee has already done this work?

## APPENDIX D.

### Stadium Subcommittee Report

#### I. Introduction

As part of the Public Policy Committee for Regional Convention, Trade, Performing Arts, and Spectator Facilities, this Subcommittee was asked to examine interest in constructing a new stadium and to assess the affect a new stadium would have on the Civic Stadium.

#### II. General Background

In the mid-1960s, Multnomah County voters narrowly defeated a proposal to construct a multi-purpose domed stadium at Delta Park. The stadium, which would have seated 45,000 initially with expansion to 60,000 permanent seats, was intended as a regional focal point for baseball, football, track and field, and non-athletic events. The Delta Park Stadium proposal was voted down by about 5,000 votes.

In 1978, a major study was commissioned by the Metropolitan Coliseum-Stadium Task Force to study spectator facilities in Portland. The study concluded that construction of a new stadium was not warranted without a National Football League or Major League Baseball franchise. However, this study did result in the recommendation to pursue renovation of Civic Stadium. In 1979, City of Portland voters approved a \$9.5 million bond issue to pay for the renovation of the stadium. Renovation was completed in 1981.

In 1985, a study prepared for the Portland Chamber of Commerce and the Association for Portland Progress found that construction of a stadium in Portland for exclusive use of professional football and baseball did not appear to be economically viable. Development of a stadium in Portland could be viable if oriented toward a range of sports, concerts, entertainment and special events rather than exclusively toward franchise sports. The study recommended a "flexible stadium/arena" with movable grandstands to accommodate a variety of sports, concerts, and family entertainment events. No action was taken on this recommendation.

In January 1985, Washington, Clackamas, and Multnomah counties joined the City of Portland and the Metropolitan Service District to appoint the Committee on Regional Convention, Trade, and Spectator Facilities (CTS). The Committee was charged with recommending a regional master plan for the emerging convention, trade, and spectator facility industry.

The CTS report, released in May 1986, found that investments in spectator facilities are essential to fully meet the region's quality-of-life and economic goals and that the region's existing stadium facilities were inadequate to meet the needs of today's residents and the demands of projected growth. The committee recommended that the region's inventory

of spectator facilities include a stadium with 25,000-65,000 seats for amateur and professional sports, large meetings, concerts, and consumer shows.

In 1990, a group of area business executives formed the Oregon Dome Team. This group is seeking community support for a domed stadium and working to attract an NFL franchise to the area.

### III. Market

The primary market for events held in a stadium would be the tri-county region (Clackamas, Multnomah, and Washington Counties), southwest Washington (Clark County), and, for major events, much of western Oregon and a portion of southern Washington. Based on preliminary 1990 census data, the population of the tri-county region is almost 1.2 million. Adding Clark County, Washington residents increase the total to over 1.4 million. For major events, the potential market is over 2 million people.

The Portland metropolitan area (Clackamas, Multnomah, and Washington Counties and Clark County, Washington) is projected to increase by 500,000 people over the next two decades. Economic and demographic trends will continue to contribute to the economic prosperity of the region in the future.

The aging of the population and the rising number of two-earner families will generate increasing demand for services, resulting in strong job growth. The shortage of entry-level workers who typically fill many service positions will provide job opportunities which are expected to attract immigration of younger workers. The growing number of "empty nesters" will have higher proportions of discretionary income to spend on goods and services.

Listed below is a comparison of the median income of cities with NFL franchises with the median income of Portland.

| City                   | Population | FY 1990<br>Median Income<br>(Family of 4) |
|------------------------|------------|---|
| Phoenix                | 2,122,101  | \$34,200                                  |
| Tampa-St. Petersburg   | 2,067,959  | 31,200                                    |
| Denver-Boulder         | 1,848,319  | 40,000                                    |
| Cincinnati             | 1,744,124  | 37,100                                    |
| Kansas City (Mo.-Kan.) | 1,566,280  | 38,800                                    |
| Portland/Vancouver     | 1,477,895  | 37,100                                    |
| Indianapolis           | 1,249,822  | 36,600                                    |
| New Orleans            | 1,238,816  | 33,900                                    |
| Buffalo-Niagara Falls  | 1,189,288  | 33,600                                    |

In terms of median income, Portland compares favorably with both smaller and larger cities that have NFL franchises. This is one indication of the ability of residents to purchase tickets to spectator events.

The projected growth in population and disposable income in the Portland metropolitan area demonstrates the potential increased demand for entertainment services.

#### IV. Description of the Potential Facility

##### A. Characteristics of a New Stadium

Chart 1 lists the characteristics of stadia which have been built throughout the country in recent years.

Based on this information, ranges for certain characteristics can be made. Depending on where a stadium is built (downtown vs. suburban location), 12 to 128 acres of land are needed for the facility and parking. Seating capacity could range from 50,000 to 80,000 and could include 100-150 luxury suites and 5,000 to 10,000 Club seats. Cost including land, facility design, and construction would be approximately \$165 million for an open stadium and \$200 million to \$250 million for a domed stadium. The estimated cost of putting a dome over Civic Stadium ranges from \$100 million to \$150 million. Covering the spectator area of Civic Stadium would cost between \$50 to \$75 million.

##### B. Stadium Options

If the region decides to pursue a stadium, a number of potential options exist. While there are many possible options, the Subcommittee focused on four alternatives which would meet the needs of the region and which appear to be achievable.

##### Option 1. Renovation and Upgrade of the Civic Stadium

Under this option, the existing Civic Stadium would be upgraded and expanded within its existing footprint. The wooden bleachers would be replaced, the uncovered area would be covered and necessary support facilities would be added. This option would yield a 40-50,000 seat, open stadium. The estimated cost of this alternative is \$50-\$75 million.

The primary advantage of this option is that it is the least expensive of the four options. The disadvantage of this approach is the fact that the seating capacity is not as high as desired by the NFL, although it would likely be sufficient for Major League Baseball.

##### Option 2. Dome and Expand Civic Stadium

This alternative would be a major expansion and upgrade of the existing Civic Stadium, including enclosure of the facility with a dome structure. The existing facility would have to be expanded beyond its current

footprint to the east and west. Total seating would be 55-65,000. The alignment and station location for the proposed Westside Light Rail project needs to be carefully considered in analyzing this alternative. The estimated cost of this option is \$100-\$150 million.

Advantages are that more events could be held throughout the year because of the dome and that the seating capacity would almost double. This option would also cost significantly less than building a new stadium. A disadvantage is that many events currently held at the stadium are in the summer when a dome is not needed. Parking and neighborhood impacts would also be significant issues.

**Option 3. New Dome Stadium in an Urban Location**

Under this option, a new stadium with a dome would be built in the urban core area. Seating capacity would be between 65-75,000. The estimated cost would range from \$200-\$250 million.

One advantage would be that a new stadium could be designed to incorporate the latest technologies, seating configurations, etc. That fact could be used as an argument to obtain a franchise. One potential barrier is that sufficient land may not be available. A disadvantage is the cost to build a new stadium.

**Option 4. New Dome Stadium in a Suburban Location**

This option is similar to option 3 except that the stadium would be built in a suburban location. A larger site would be needed for parking.

Advantages and disadvantages are also similar to option 3. The major disadvantage is the cost.

Table 1 provides a summary of the characteristics of each option.

|                      | TABLE 1   |             |             |             |
|----------------------|-----------|-------------|-------------|-------------|
|                      | 1         | 2           | 3           | 4           |
| Site Size-<br>Access | Existing  | Existing +  | 20-25       | 100-125     |
| # of Seats           | 40-50,000 | 55-65,000   | 65-75,000   | 65-75,000   |
| Luxury Seats         | 50        | 100         | 100+        | 100+        |
| Club Seats           | TBD       | 5000        | 5,000+      | 5000+       |
| Parking              | No new    | 1-2,000     | 1-2,000     | 10,000+     |
| Open/Domed           | Open      | Domed       | Domed       | Domed       |
| Cost                 | \$50-75 M | \$100-150 M | \$200-250 M | \$200-250 M |

### C. Siting Requirements and Considerations

As part of the CTS process, the committee recommended specific siting criteria which address such issues as location, physical adaptability, access and parking, site availability and costs, neighborhood impacts and economic impacts for stadium facilities.

### V. Financial Impacts

#### A. Operating Subsidy of Civic Stadium

Currently, Civic Stadium operates at a loss. For the 1988-89 fiscal year, the loss was slightly more than \$188,000. The largest portion of that loss was by Portland Beavers baseball games which lost \$286,000. Profits were generated by Portland State University football (\$116,000) and a truck pull (\$28,000).

The operating deficit is currently paid for by a reserve generated by the Memorial Coliseum. Those reserves will be depleted over the next two years and funds to cover the operating deficit at Civic Stadium must be found.

#### B. Financing Alternatives

If general obligation bonds were used to finance any of the above options, the annual debt service and the tax rate per \$1,000 of assessed value would be as follows:

| <u>Bond Amount</u> | <u>Annual Debt Service</u> | <u>Tax Rate/\$1000</u> |
|--------------------|----------------------------|------------------------|
| \$ 50 million      | \$ 4,783,241               | \$.1353                |
| 150 million        | 9,566,483                  | .4059                  |
| 250 million        | 23,916,207                 | .6765                  |

The above figures assume a term of 20 years at an average interest rate of 7.17%. As shown, the amount needed to service debt is substantial. Without a major attraction bringing patrons to the stadium, the burden of repaying this debt service could fall on a wider population through a more general tax.

Listed below are potential taxes that could be imposed in the tri-county region to pay for debt service and an estimate of the amount of revenues that would be generated:

| <u>Tax</u>              | <u>Tax Rate</u> | <u>Revenue Generated</u> |
|-------------------------|-----------------|--------------------------|
| Retail Sales            | 1%              | \$95,792,703             |
| Food/Beverage           | 1%              | 11,191,740               |
| Hotel/Motel             | 1%              | 1,632,452                |
| Real Estate Transfer    | 1%              | 29,414,731               |
| C. Public/Private Funds |                 |                          |

The mix of public and private capital funds will need to be articulated as part of a decision to proceed with a new stadium. According to the Oregon Dome Team, private funds can be expected to cover at least 50% of the capital cost of a new stadium. These funds would come from a variety of sources, undertaking but not limited to, sale of seat rights, luxury boxes and club seats.

#### D. Economic Impact Assessment

A study conducted for Metro by Deloitte & Touche estimates that one-time impacts for construction of a new dome stadium would be over \$153 million in gross economic impact, employment for 1,310 full time workers, and state and local tax revenues of over \$9 million. The annual recurring economic impact is estimated at \$121 million. It should be emphasized that these estimates are "gross" not necessarily "net" impacts. At least a portion of the dollars spent in association with sports events would be spent on something else in the local economy if the sports facilities did not exist. These estimates may also vary depending on what assumptions are used concerning location of the facility, type of facility, and event mix.

No economic impact analysis was made of the renovation options for Civic Stadium. Both the one-time construction impact and on-going impacts would be less because construction costs and seating capacity are lower under this option than under the new stadium option.

### VI. NFL Franchise Question

#### A. Oregon Dome Team Efforts and Current Status

The Oregon Dome Team (ODT) is leading an effort to secure an NFL franchise for Portland. In 1990 ODT members made contacts with NFL owners and stadium managers, toured six stadium facilities, and met with local community leaders. ODT is currently selling rights to 20,000 reserved "Founders Seats" at \$1,000 per seat to raise \$20 million in an effort to show community support for a franchise and a domed stadium.

In May 1991, ODT will be sending representatives to the NFL spring meeting of owners. At the meeting, ground rules will be set for selecting expansion teams.

#### B. Television Market Comparisons

Because of television contracts and the resulting revenue gained by the league, the NFL places a priority on television market rankings. Based on Arbitron ratings, the Portland/Vancouver market ranks 25th out of 60 metropolitan media markets. Cities that have an NFL franchise but have lower Arbitron rankings than Portland include Kansas City (27th), Cincinnati (31st), Indianapolis (37th), Buffalo (39th) and Green Bay which is not listed in the top 60 media markets. In addition, Portland is the largest media market which has never had an NFL franchise. However, St. Louis (15th) and Baltimore (17th) do not currently have an NFL franchise.

It is not entirely clear how important TV market is to the franchise award process. There is some question about the ability of the league to grow their TV revenues any further. TV market size may, however, be an important measure of the potential for community support.

### C. Sports Action Lottery

In 1984, Oregon voters passed an amendment to the Oregon Constitution creating the State Lottery Commission to operate a state lottery. Lottery proceeds are required to be used for "creating jobs and furthering economic development in Oregon." In 1989, the Lottery Commission established a game known as Sports Action which allows players to bet on NFL games. The NFL vigorously opposes such a game. NFL officials have stated that Portland will not receive an NFL franchise nor will it be seriously considered for a franchise unless Sports Action is eliminated.

Several bills (HB 2676, HB 2818, and SB 1107) introduced in the 1991 legislative session would prohibit lottery games based on sporting events. A hearing was held on HB 2676 and HB 2818 on April 10 before the House State and Federal Affairs Committee. Paul Tagliabue, NFL Commissioner, testified in favor of the bills.

Eliminating Sports Action during the current legislative session is unlikely. Revenues from Sports Action support economic development activities in the state and, after voter passage of the property tax limitation in November 1990, the state has little, if any, money available to replace lottery dollars.

### D. NFL Ownership Requirements

The cost of an NFL franchise fee ranges from \$90 to \$150 million. The NFL requires a minimum 30 percent ownership interest (or between \$30 to \$50 million) for the active, managing partner. The NFL has relaxed their "cross-ownership" policy (i.e., ownership in any other sports franchise team). A managing partner may not, however, have a majority ownership interest in other sports teams. Corporate or public ownership of a team is prohibited but that policy is being re-examined. At present, the NFL requires individual ownership and favors local ownership.

According to ODT, the minimum stadium seating capacity for the NFL is 60,000 seats. The size of a stadium could be the deciding factor for candidates with similar attributes. The larger the stadium, the greater the chance for being awarded a franchise. It is conceivable, however, that the NFL would accept a smaller stadium if a ticket surcharge were imposed that would equalize the ticket revenues of the small stadium with those of larger stadiums.



## **E. League Expansion**

The NFL is planning to add two expansion teams in 1993-94 and two more in 1995-96. The major drawback to Portland in this expansion process is that there is no 60,000 seat stadium. Portland will likely be considered for the second expansion in 1994. The Subcommittee's understanding, however, is that given the timing of franchise awards, a decision on a stadium needs to be made by the fall of 1991 if Portland is to be seriously considered.

## **F. Assessment of the Potential for an NFL Franchise**

There are four key issues that must be addressed if an NFL franchise is to be awarded to the Portland region. First, the region must demonstrate that it can fill a 50-70,000 seat stadium. Second, a team owner or ownership group must be identified. Third, the region must commit to building a stadium in order for a franchise to be awarded. Finally, the Sports Action Lottery must be eliminated.

Whether Portland will secure an NFL franchise will remain uncertain based on the dynamics of league politics which Portland can do little to control.

## **VII. Significant Findings**

1. Portland compares favorably to other metropolitan areas around the country which have NFL teams. The Portland metropolitan area has a sufficient population base and discretionary income to support events at a stadium. Population projections further indicate that a stadium could be supported in the future. In addition, a stadium with a major league sports franchise would contribute to the region's quality of life and economic diversification goals.
2. To obtain a professional sports franchise, demonstrated public support is necessary.
3. If an NFL franchise is to be obtained in Portland, the Sports Action Lottery must be eliminated.
4. Any stadium should be a mixed use facility capable of accommodating a broad range of events. Professional and amateur sports, large meetings, concerts, industrial exhibits and consumer shows are among the possible events. Generally, use of the facility will be for events which require seating capacity greater than 20,000 and/or a large flat floor area that would only be available in a stadium.
5. We are operating in a new environment for raising public funds due to ballot measure 5. How this new environment will constrain the ability to fund construction of public facilities is uncertain. Both traditional sources of funds (e.g., general obligation bonds) and potential new sources (e.g., sales tax) will likely be difficult to secure for a new stadium investment given the financial situation at state and local levels.

6. In determining where to site a new facility, weight should be given to the desirability of locating the facility to take advantage of or enhance existing public improvements and amenities as well as private investment.

7. Given Oregon's climate an open stadium would preclude so many events during the year that an open stadium would not appear to be practical unless the savings in capital costs of renovating Civic Stadium were so substantial as to more than offset the potential loss of operating revenues. In addition, a domed stadium is required if hosting a Super Bowl is desirable, although a domed stadium would not necessarily guarantee receipt of a Super Bowl.

8. The Subcommittee believes there would be a positive economic impact from a stadium investment. The magnitude of that impact will vary greatly depending on event mix, success of a professional sports franchise, location, and other factors.

There is some evidence that the economic benefit may not be equal to the public investment made in this facility. This may be particularly true when including the opportunity costs associated with directing scarce public resources to a stadium rather than other public facilities.

9. A need exists for long-term coordinated efforts to seek and secure sporting events and potential new sports franchises.

### VIII. Recommendations

1. At least one new major league professional sports franchise should be committed to Portland and a new stadium prior to investment in a stadium. While the region may seek approval of project funding prior to such a commitment, that funding should be contingent on securing a franchise.

2. To determine if the requisite public support is available, Metro should immediately gauge such support by survey or other similar method.

3. Planning for a stadium investment should be an on-going responsibility for Metro. Construction of a new stadium or renovation of Civic Stadium should be considered in order to take advantage of future opportunities such as the current opportunity to obtain an NFL expansion team.

4. Metro should contract for a cost and physical feasibility study of putting a dome on Civic Stadium and significantly increasing its seating capacity.

5. A stadium should not be built if it will require an ongoing operating subsidy. The current evidence suggests that a stadium can generate revenues sufficient to cover operating costs and, in some cases, generate revenues sufficient to retire some portion of the debt.

6. Metro should immediately cause the formation of a permanent, non-profit sports commission to promote and attract professional and amateur sporting events/teams to the region.

7. Community efforts to secure a major league franchise should continue and be expanded to include other sports in addition to football.

8. Metro ERC should be aggressive in operating Civic Stadium. Metro should appoint a citizens' committee to review the operating policies of Civic Stadium including its tenant and event mix, rent structure, and other charges. The committee's goal should be to recommend ways for Civic Stadium to break even by 1993-94.

## Staff Report

### CONSIDERATION OF ORDINANCE NO. 91-443, FOR THE PURPOSE OF ESTABLISHING A METROPOLITAN SPORTS AUTHORITY

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Date: December 11, 1991

Presented by: Pamela Erickson

#### Background

In 1990, the Metro Council established the Public Policy Advisory Committee to undertake a planning, development and financing effort to address on-going issues related to the region's inventory of convention, trade, and spectator facilities. The Advisory Committee formed five subcommittees to address various issues and facilities: 1) Stadium, 2) Arena, 3) Portland Center for the Performing Arts (PCPA), 4) Oregon Convention Center/Expo Center, and 5) Finance.

During the study, the Stadium Subcommittee found that a need exists for long-term coordinated efforts to seek and secure sporting events and potential new sports franchises. In the past, efforts to attract sporting events have been carried out by individuals and small ad hoc groups. Many opportunities for sports events are not pursued due to a lack of an organized effort.

The Stadium Subcommittee concluded that a coordinated, sustained public/private effort is required if the region is going to maximize use of its sports facilities. To address this need, the Stadium Subcommittee and the full Public Policy Advisory Committee recommended that Metro establish a sports authority to promote and attract professional and amateur sporting events and teams to the region.

After the Stadium Subcommittee made this recommendation, the Executive Officer invited community business leaders and others interested in sports promotion to begin development of a sports authority. Ordinance 91-443 is a result of these discussions.

This ordinance creates an eleven-member Metropolitan Sports Authority to engage in long-range planning for sports facilities and programs, to facilitate the promotion of sports programs, and to increase utilization of existing and future spectator facilities. These efforts will contribute to the economic development and diversification of the region. The Authority is charged with conducting market research to match community resources with events, initiating relationships with local sports organizations and national sports governing bodies, and recommending a detailed plan of organization to the Metro Council by January 1, 1993.

During the 1991-92 fiscal year, the Executive Officer will assign current Metro personnel to provide staff support to the Sports Authority. A budget for the 1992-93 fiscal year will be submitted as part of Metro's budget process.

Executive Officer Recommendation

The Executive Officer recommends adoption of Ordinance 91-443.