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Civic Stadium Viability Study: A Regional Perspective

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Civic Stadium Viability Study: A Regional Perspective



Prepared for the
Portland Metropolitan Sports Authority

1995

D₂T2M Consultants

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Executive Summary

From December 1994 through March 1995, the D₂T₂M consulting group took a serious look at the future of Civic Stadium and its position in the regional community. This study was prepared for the Portland Metropolitan Sports Authority.

In an effort to develop a series of alternative scenarios on the future of Civic Stadium the group conducted an exhaustive series of interviews and a national data search. These interviews included financial experts, event promoters, current tenants, city and regional officials, stadium experts, concerned citizens and others.

Our results are based on this objective and subjective information. What follows is a brief discussion of our findings.

Civic Stadium is the senior citizen among Portland's sports facilities.

It has been home for professional baseball teams since 1955. It has been homefield for Portland State University's football and host for hundreds of community events throughout the years.

Now, in 1995 the question is before the metropolitan region:

Should Civic Stadium and its proud and long sports history be retired? Or should the grande dame on 20th street get some new paint, a touch up here and there, a low cost face lift and continue to serve the community?

Civic Stadium can continue to be a viable resource for the community for the foreseeable future.

Modest improvements are mandatory. Without them, Civic Stadium would rapidly fall into disrepair and become not a resource, but a liability for the city. Portland's remaining professional baseball team would undoubtedly be lost. PSU would soon be without a homefield. Special community events would be homeless.

An expenditure of \$3 million dollars would provide the improvements necessary to sustain the stadium and preserve its community character.

The destruction of Civic Stadium and the resulting cost of even a modest replacement facility of equal size would require a major outlay of public monies. Even if such an expenditure were feasible, questions would remain concerning the possibilities of obtaining tenants--a higher level baseball team, for example--that could substantially defray the cost of such an undertaking.

We believe that Civic Stadium is better suited as a community facility retaining its attraction for minor league baseball , as homefield for PSU athletics and as a venue for community events.

Obviously, a 70 year old facility--while useful as a community stadium--cannot be looked on as the centerpiece of Portland's long-range future as a regional sports center.

That future must be determined with the kind of careful planning that has been initiated by the Portland Metropolitan Sports Authority in its efforts to attract local, national and international sports events.

As this effort expands in coming months and years, a regional sports strategy should be developed that will maximize the area's potential.

In examining the issue of Civic Stadium and the future, our study team confronted the often asked question about the possibilities for a new stadium, a facility that would meet the criteria of AAA baseball leagues or even the major leagues.

That question immediately spawned more questions.

Should such a stadium be planned and constructed for baseball, football or soccer...a multi-purpose facility? Or should it be designed to meet the very best approaches of only a baseball stadium? Or only a football stadium?

Those questions pale against the issue of where such a huge facility would be built. Would it be downtown? Or would it be located on a suburban site?

And when all those questions get answered....what about the environment? What about transportation and traffic? What about economic development? What about architecture design elements?

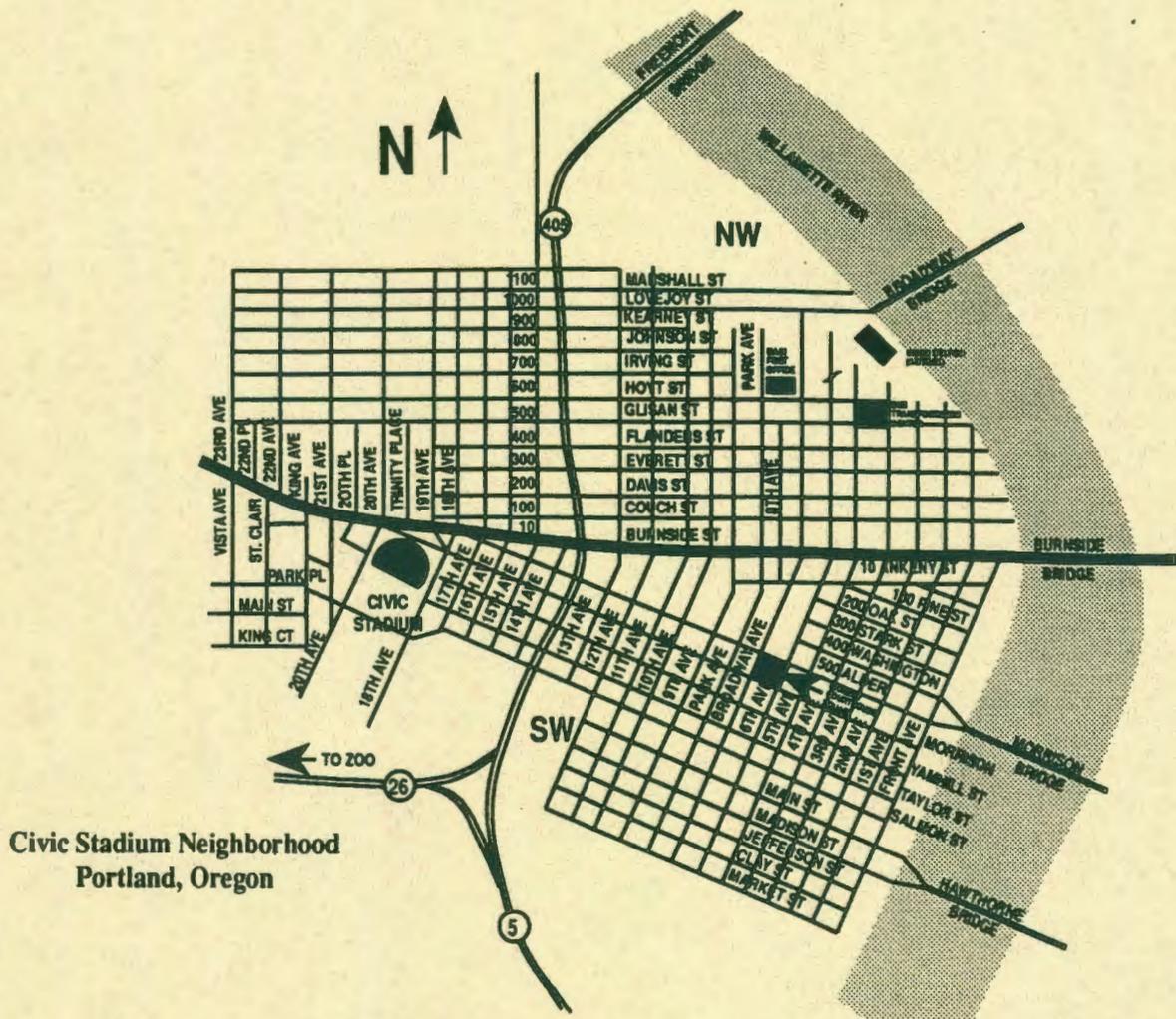
In short, a new stadium is a mammoth undertaking, not only in cost but in planning.

We believe it is premature for the city to adopt a "new stadium" without careful planning that is integrated with other economic, transportation, environmental and urban design planning.

But, we think it is time for the long-range strategy to begin so when a likely and attractive tenant with deep pockets arrives, the city can make a quick and prudent response. We recommend that the region develop marketing plans for a new single-use AAA baseball stadium.

A Regional Sports Strategy, moving forward from the efforts of the Portland Metropolitan Sports Authority, will enable Portland to dictate the kind of sports development that it wants and is most desirable for the region. In short, our recommendation is a Regional

Sports Strategy that begins with minor improvements to Civic Stadium and includes developing a plan to build a new single-use baseball stadium.



Civic Stadium Neighborhood
Portland, Oregon

Regional Advantages

This section looks at the advantages of developing a regional sports strategy with particular emphasis on utilizing an existing resource, Portland's Civic Stadium.

Municipalities throughout the nation are recognizing amateur and professional sports as an integral part of development--as a key indicator of the health and vitality of a region. Competition for the sports dollar and the "major league" image is intense.

Not only does sport activity put dollars in the regional economy, particularly for hotel, restaurant, and service industries, but it can be a major facet of the region's image as a vibrant contemporary market. This aspect is an intangible and is difficult to measure. Unfortunately, it is most noticeable and most easily measured in the negative--only after a community has been bypassed by major sports and recreational opportunities.

Indianapolis is an example of a city that has seized the opportunity to develop a well-planned strategy to attract sports events and franchises. Portland compares very favorably to Indianapolis in terms of size and income levels.

Basic Demographic Comparison			
	MSA Population	Median Income	% Population with Income over \$75,000
Portland	1.6 million	\$34,000	6.3%
Indianapolis	1.4 million	\$34,000	7.2%

Indianapolis began to incorporate the sports industry into region-wide economic and community development planning during the 1980s. Indianapolis, a midwest "rustbelt" city, experienced a long period of industrial and economic decline during the 1970s. The city was ready for a new image and a new economic agenda. The strategy was to make Indianapolis a destination city by targeting amateur sports, convention and tourism, and cultural activities. The Regional Center General Plan was implemented, designating 30 acres of downtown land to sports infrastructure.

Indianapolis now boasts itself as the amateur sports capital of the nation. It is headquarters for six national sports governing bodies and numerous other sports organizations. In 1987, Indianapolis received international recognition as host to the Pan American Games.

Indianapolis' sports strategy has contributed to region-wide advantages. It was part of the new image of a revitalized downtown with growing economic diversity.

Indianapolis World-Class Sports Facilities

The strategy has helped Indianapolis to integrate sports into overall planning in the community. This has meant that sports, at times, have been required to take a back seat to other priorities. For example, plans for attracting a professional baseball team were put on the back burner temporarily while efforts were underway to shore up underfunded neighborhood social programs.

Facility	Year Built	Cost in Millions
Market Square Arena	1974	\$16.4
Indianapolis Sports Center	1979	\$7.0
Indiana University Natatorium	1982	\$21.5
Indiana University Track & Field	1982	\$5.9
Major Taylor Velodrome	1982	\$2.5
Hoosier Dome	1984	\$77.5
William Kuntz Soccer Complex	1987	\$1.3
Eagle Creek Park Rowing Course	1987	\$0.7
Indiana World Skating Academy	1987	\$7.0
Renovation of Indianapolis Sports Center (Tennis)	1988	\$3.0
Minor League Stadium	1995	\$18.0

But, the existence of a plan--a strategy--enabled this shift in priorities to go smoothly and to be better accepted by the community. Now, the sports strategy is back on course and Indianapolis is looking forward to the attraction of a AAA baseball team.

“...Stadium(s) should be more than a place to view 70 minor league baseball games in the summer. It should be conceptualized as a community resource that provides many different types of recreational opportunities. In other words, the stadium, not the team, is the vehicle for enlarging residents recreational opportunities”.

(Political Economy of Minor League Baseball, pg. 252) --

Overall, municipalities that view their sports facilities as community assets contribute to a region's sense of identity and cohesiveness, promoting civic pride and expanding recreational opportunities. A diversity of people from all over a metropolitan area come together to enjoy a sports competition, a civic event, a concert, or a cultural gathering.

The Portland region is no exception. Portlanders take pride in supporting a variety of indoor and outdoor spectator sports. The Portland Trail Blazers, one of the most successful franchises in the NBA, boasted 769 consecutive sellouts through the 1993-94 season. The Portland Winter Hawks has the most successful attendance record in the Western Hockey League with crowds almost twice the league average. In 1993 the Portland Pride of the Continental Indoor Soccer League kicked off its first season with one of the top home records in the league. The Portland Rage indoor roller hockey team is a new home attraction. Expanded spectator opportunities are on the horizon--the Portland Rockies, a Class A minor league baseball team, and the Portland Firebirds, a professional outdoor soccer team, open their respective seasons in 1995. In addition, the Portland International Raceway hosts the Indy-type CART races, attracting some of the world's top drivers.

The Fred Meyer Golf Challenge draws professional golfers from around the country. Every September thousands of runners gather to compete in the Portland Marathon.

Portland has been host to numerous national and international outdoor sporting events. These include Canadian League Football exhibition games, international baseball exhibition games, World Rugby League matches, the U.S. Outdoor Volleyball Championships and Indy car racing. In 1998, Portland will welcome the World Masters Games.

Portland is this region's cultural and entertainment center. The new Rose Garden Arena adds a first-class sports facility to the area. The arena will be the center of a sports, entertainment and convention complex. Opportunities to attract high visibility, nationally televised events will be expanded. In June of 1992 millions of households across the U.S. viewed Portland as it hosted the Tournament of Americas, the NBA Draft, and the NBA Championships.

The Portland region is vibrant and healthy. A community of 1.6 million enjoy tremendous benefits and advantages. A year-round mild climate, 37,000 acres of parks, a variety of arts and culture attractions, a diversified economy, a moderate cost of living, excellent transportation, and a lively downtown contribute to a high quality of life.

Much of Portland's success in maintaining this quality of life is the result of careful ongoing planning for orderly growth. Such planning is often the most identifiable difference between communities keeping pace with change and jurisdictions that have ceased to reach out for opportunities.

Development of sports and recreational resources should be treated no differently at the planning table. It, too, demands a clear strategy if an area is to maximize this resource for its citizens and avoid costly pitfalls.

Sports and recreation opportunities are part of the American scene and are increasingly identified in contemporary, vibrant, and growing communities that work hard to retain and expand the quality of life.

As a result competition for sports teams and major events--amateur and professional--is intense among cities and regions across the nation. The competition is placing a new premium on common-sense strategy.

A region's sports infrastructure plays a critical role in its ability to compete for teams and events. Existing facilities require constant improvements. New facilities are massive undertakings, requiring some form of public financial commitment and comprehensive planning. A municipality needs to be able to position itself to answer questions of financial feasibility, transportation concerns, environmental issues, and overall costs and benefits as it relates to other programs and needs of a region when considering building a new facility.

Regional Facilities Chart				
	Permanent Capacity	On-Site Parking	Off-Site Parking	Distance from Downtown
Multi-Use Civic Stadium	23150	none	0	0
Football Mt. Hood Community College	3500	10000	N.A.	15
Griswald Stadium Lewis & Clark College	3800	1100	400	7
Soccer Merlo Field Univ. of Portland	5000	500	2400	6
Baseball Pilot Stadium Univ. of Portland	1000	500	2400	6

In developing a sports strategy, the region should not lose sight of the existing resource of Civic Stadium. It currently serves as this community's multi-use outdoor sports stadium. Civic Stadium, along with the other sports facilities in the area, provide a competitive array of sports venues to meet many of the region's sports development needs.

An overall sports strategy for the region includes maintaining and expanding upon the area's current diversity of sports teams and events. PSU

football and the Portland Rockies Class A baseball fit into this strategy. Their home is Civic Stadium. A multi-use community stadium can continue to play a role, particularly if a new single-use facility is added to the region.

New sports opportunities are on the horizon and Civic Stadium needs to be evaluated in terms of these opportunities.

The Portland Metropolitan region is an extremely attractive market to be home to national league sports franchises and to host a number of national and international events and competitions. Portland, however, is the largest metropolitan area in the U.S. without either an NFL or a Major League Baseball franchise.

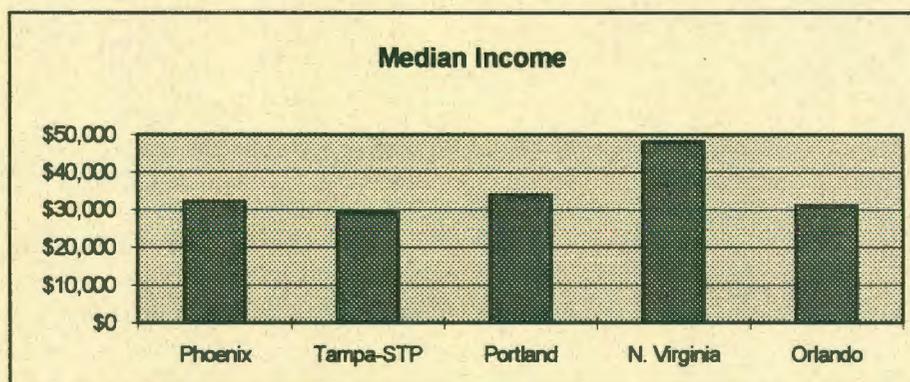
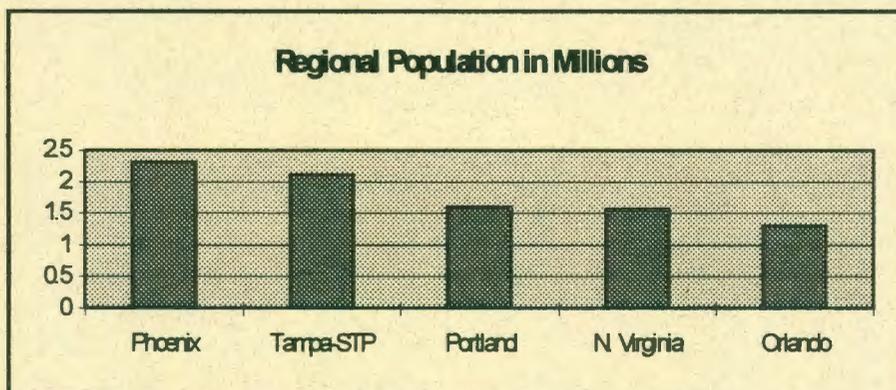
The demand, however, for cities to host a major league level team is far in excess of the supply of teams. In 1991 more than a dozen cities across the U.S. competed in a frenzy for one of two new National League franchises. Tampa Bay/St. Petersburg constructed a \$140 million domed stadium in hopes of winning a franchise. New Orleans' promised to build a major league capacity baseball stadium near the superdome, securing \$20 million dollars from the Louisiana

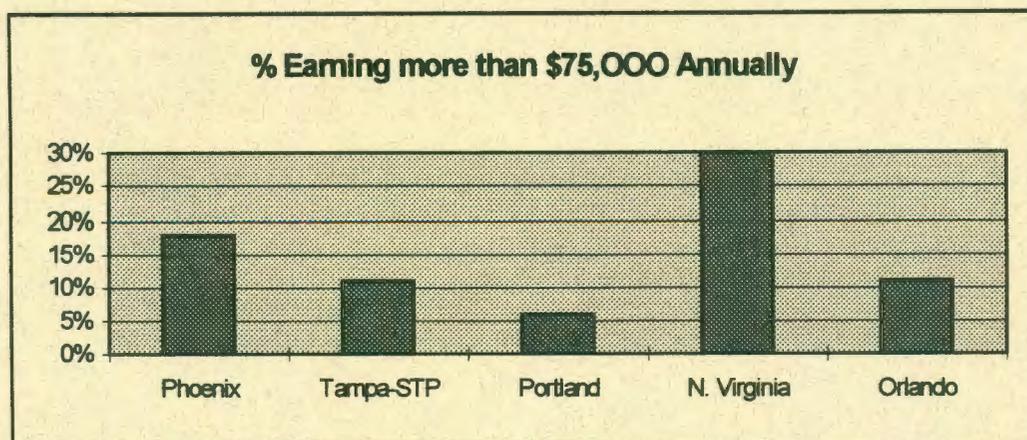
Metro. Statistical Area	Population in Millions	MLB	NFL
San Diego	2.5		
Minneapolis	2.5		
St. Louis	2.5		
Pittsburgh	2.4		
Phoenix	2.2		
Tampa	2.1		
Denver	2.0		
Portland	1.8		
Cincinnati	1.8		
Milwaukee	1.6		
Kansas City	1.6		
Sacramento	1.5		
Indianapolis	1.4		
Norfolk	1.4		
San Antonio	1.3		

State Legislature. The New Jersey Sports and Exhibition Authority pledged that they would guarantee two million paid admissions in their first year. How competitive would Portland have been in this franchise expansion bid? The following series of charts compare Portland to the final four expansion candidates.

Comparing Baseball Expansion Candidates

City	Stadium
Phoenix	A 47,000 seat, natural-grass, retractable-roof, baseball-only stadium is proposed. Projected Cost - \$273 million, most from a county sales tax.
Tampa-St. Petersburg	ThunderDome, in St. Petersburg, is ready for occupancy.
Northern Virginia	Five stadium sites near Dulles Airport are proposed - three in Fairfax County, two in Loudon. The stadium would cost about \$170 million; the entire project, including land and roads, about \$300 million. Area government officials hope for heavy private funding.
Orlando	A \$150 million stadium is proposed that would be funded by a proposed-and yet to be approved-tax hike.
Portland	No stadium planned.





U.S. Television Markets

City	Rank
N. Virginia (Wash. D.C.)	7th
Tampa-STP	13th
Phoenix	20th
Orlando	25th
Portland	29th

As is evident, Portland has both advantages & disadvantages in this competitive sports market.

There are a number of other new opportunities in outdoor sports events and franchises for the Portland region. The proposed United Baseball League has identified Portland as a potential franchise city. Canadian Football League has expressed interest in the Portland market. Major League Baseball is planning another expansion which in turn will expand AAA Minor League franchise opportunities.

Development of a regional sports strategy for the Portland area has two big advantages.

First, it enables the city and region to give a sports franchise owner or a promoter of a major athletic event a quick and accurate response about available resources. When key data is lacking and when a city has no clear strategy, the franchise owner or the league representatives may well turn to better organized and more thoroughly prepared cities--even when these competing cities may lack the resources and opportunities of a Portland. It is too late to start putting strategy and facts together when the franchise owner or the sports promoter lands at Portland International Airport. The strategy can be a major promotional tool for the city.

Second, a sports strategy provides a major protection for the region and its taxpayers. With solid data and planning models in the files, negotiations for sports franchises can be

approached on a business-like basis. Without strategy or data, the danger is great for miscalculations and unnecessary give aways to sports franchises looking for every advantage of dollar or benefits. A regional sports strategy that has carefully collected the facts and developed the backup for possible alternatives minimizes the chances for costly ad-hoc decisions and maximizes the chance that public benefits will be in the forefront of any negotiations. Public support is easier to rally around sports development if a clear and sensible strategy has been laid before the community in advance.

This strategic process begins by assessing the future role of Portland's largest outdoor facility, Civic Stadium, in the regional community, and realting that role to other possible stadium scenarios.

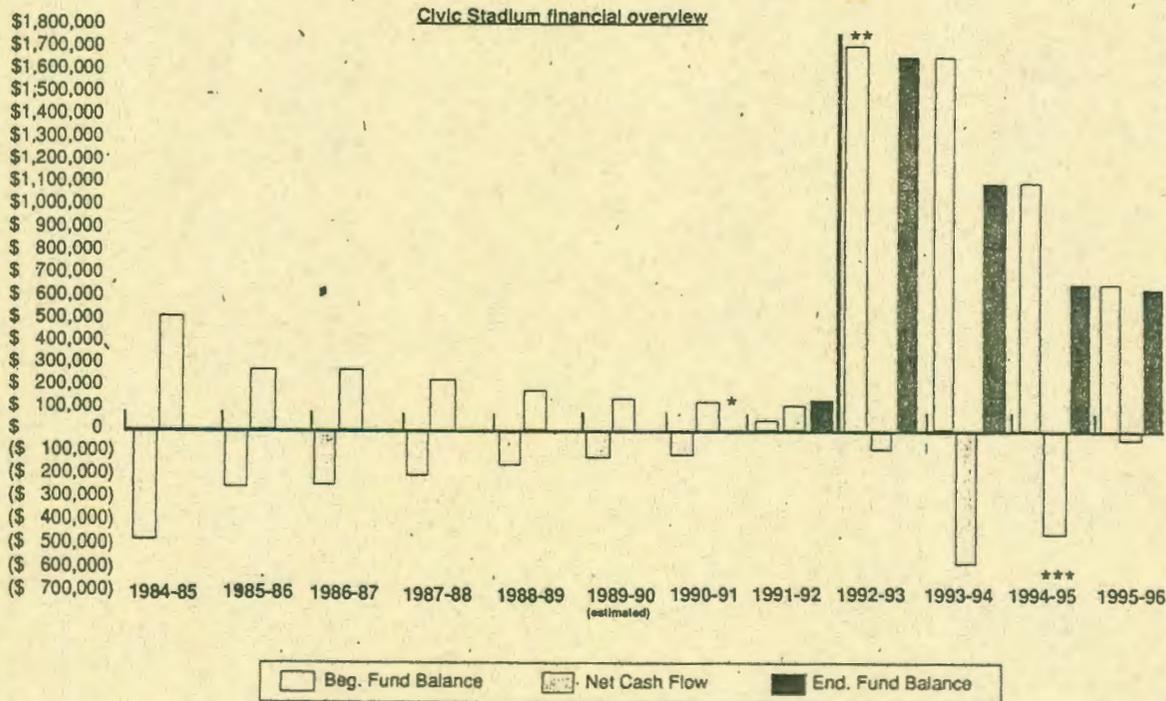
Civic Stadium

Civic Stadium has served as the region's community stadium since 1923. Located in a vibrant, gentrifying district six blocks from downtown Portland, the stadium has been home to football, baseball and soccer teams. It has served as a parade ground for the Rose Festival, a gathering spot for religious events, and a concert center for popular recording artists. Its diversity of events have attracted people from all over the metropolitan region and the Northwest.



Civic Stadium

Physical Attributes	
Permanent Seating	23,000
Acreege	6.95



- Offset in FY 1990/91 came from an intergovernmental transfer from the city.
- ** Prior to FY 1992/93 cash flow loss was covered by profits from Memorial Coliseum. In 1992/92 a specific beginning fund balance of \$1,758,801 was created for Civic Stadium. This is drawn down by the annual negative cash flow. Also of note, costs traditionally shared between the Coliseum and Stadium ceased at the end of FY 1992/93 and the Triple A baseball club tenant left Portland at the end of its 1993 season.
- *** Assumption: Triple A baseball returns to Civic Stadium beginning Spring 1995.

Civic Stadium's mission has been "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". Its ability to sustain this mission is in question. There are currently a number of critical issues confronting Civic Stadium.

In the late 1970s Civic Stadium was envisioned as a regional facility asset, managed by the Exposition-Recreation Commission. Civic Stadium enjoyed subsidies from the financially sound Memorial Coliseum. Under this arrangement, Civic Stadium was able to address costs associated with major capital improvements and in some years to offset its operating requirements.

In the early 1990s this relationship changed. The Metropolitan Exposition-Recreation Commission (MERC) was formed to manage the region's public assembly facilities. In 1993 MERC transferred the Memorial Coliseum to private management, ending the annual subsidy to Civic Stadium. Civic Stadium was granted a reserve fund to assist with transition. The Stadium is now on its own to establish financial stability. As the chart above indicates, Civic Stadium is depleting this reserve fund. The Stadium faces financial uncertainty.

The physical structure of the stadium is inadequate and in a deteriorating state. Narrow concourses limit concession sales and pedestrian circulation. The concourses do not accommodate crowds of over 8,000. This physical limitation negatively impacts concession revenue. Concession sales have become increasingly important in competitive lease negotiations with tenants and event promoters.

The seventy-year old facility has not been subjected to a seismic code review. However, given its age, it is most likely anticipated that any major structural improvements to the stadium would require some level of seismic upgrade.

Civic Stadium has taken on a tired appearance. The exterior paint is badly oxidized and the color graphics are faded. Peeling paints is noticed by passerbys.

History of Civic Stadium	
The site 1845	Daniel Lowndale discovers site and builds the first tannery west of the Mississippi.
MAC Established 1891	Multnomah Athletic Club(MAC) is established.
First Grandstand 1898	A small (1,000 seat) grandstand is purchased and two tennis courts are built by MAC.
Civic Stadium Association 1926	The Multnomah Civic Stadium Association formed, with mission to build a proper stadium for growing region. MAC members vote to mortgage their clubhouse and property in order to achieve goal.
Multnomah Civic Stadium 1926	October 9, 1926 Multnomah Civic Stadium formally dedicated.
Dog Racing 1933	Multnomah Kennel Club rented the stadium and installed a Greyhound racing track. Greyhound racing remained until 1955.
Baseball Comes to Portland 1955	Pacific coast league baseball replaced dog racing as Multnomah Civic Stadium's summer tenant.
The City Takes Over 1966	MAC deeded Stadium to the city, retaining easement rights option of first right-of-refusal. "Multnomah" is dropped from the name of the stadium.
ERC 1977	City turns management over to the Exposition-Recreation Commission (ERC).
Renovation 1982 to 1984	Stadium undergoes a \$9.4 million renovation.
MERC 1990	The Metropolitan Exposition-Recreation Commission (MERC) created.
Civic Gains Autonomy 1993	Memorial Coliseum transferred to private management. MERC facilities granted reserve fund.
Beavers Move 1993	PCL Beavers leave for Salt Lake City.
Reserve Becoming Depleted 1995	Reserve Fund rapidly depleting. Stadium in rapid decline, physically and financially.
Rockies 1995	Single A Rockies come to town.

Civic Stadium faces an identity crisis. The stadium has lost its sense of tradition and place in the community. The stadium must also establish an identity within its own management organization. It is the only sports facility under MERC's responsibility, competing for funds and marketing strategies with the Convention Center, the Portland Center for the Performing Arts and the Metropolitan Exposition Center.

Despite many of these shortcomings, Civic Stadium is still a venue for exciting sporting events.

Two notable current tenants are PSU football and the Portland Rockies. The PSU football program in the last decade has become an NCAA Division II powerhouse. This success has brought record numbers of fans into the stadium. With PSU's possible expansion into the Big Sky Conference, larger crowds are expected.

The Rockies bring professional baseball back to the city after a two year hiatus. Portland has a long history with baseball, dating back to the glory days of the Pacific Coast League. Portland has fielded a team in all but eight of the eighty-eight seasons the league has operated.

1994 Civic Stadium Users	
User	# Of Days
PSU Baseball	77
PSU Football	60
PSU Soccer	42
High School Football	27
Adult Soccer	17
Sports Clinics	17
Promise Keepers (religious event)	8
H.S. Soccer	4
H.S. Baseball	4
Concerts	3
Baseball Exhibitions	3
MAC Softball	3
Little League Baseball	2
Thunderbolt Football	2
Rose Festival of Bands	1

National Trends

A new generation of stadiums have emerged, both in design and concept.

Baseball is a game intimately connected to the place in which it plays. Ask any fan who has spent an endless August afternoon in Fenway Park or Wrigley Field how much they love their ballpark. This romance is captured by the great tradition of ballparks as places of *rus in urbe*, the country in the city. It is the idea of a soft green field blending together with the hard lines of a city that create a special baseball aura.

The intimacy and excitement of the ball park was lost during the past twenty years of stadium construction. Giant concrete stadiums, shaped like saucers, produced a banal, bureaucratic feel of sameness. Void of character, loss of eccentricity, the Astrodome generation took away baseball's sense of home in the city.



Oriole Park at Camden Yards, Baltimore, Maryland

Baseball's ballpark spirit was recently recaptured three years ago with the opening of Oriole Park at Camden Yards in Baltimore. It is a "brand new, old fashioned ball park", in the



Jacobs Field, Cleveland, Ohio

midst of a hard working port city that has managed to stay afloat with its newest industry--tourism. Oriole Park returned baseball to its natural environment, setting a trend to keep baseball out of massive, vapid concrete stadiums more suitable for football and tractor pulls. Oriole Park most recent followers include Jacobs Field in Cleveland, The Ballpark in Arlington, Texas and Coors Field in Denver.



Coors Field, Denver, Colorado

These stadiums are urban parks with one purpose in mind-- baseball. The grass is green, the field is open to the sky, and the relationship to surroundings is clear. In Jacobs Field, Cleveland's skyline sits above centerfield. The stadium's exposed steel design is intended to blend with the city's many bridges. Downtown is a five minute walk away. In

Oriole Park, a home run slam bounces off of the old B&O Railroad warehouse, dating back to the 1880's. The Ballpark in Arlington, located in suburbia, creates a sense of urbanity with its brick walls and towers lining the street. Coors Field has a town square appeal.

Once inside these parks, old style traditions are meshed with modern conveniences and amenities. Fans can still buy hot dogs and peanuts and sit in sun-soaked bleachers. But they also can come to a ball game for a total entertainment experience. Today's stadiums are designed to create a fun-filled family atmosphere where the experience goes beyond just watching a game. Stadiums as entertainment facilities provide food courts, restaurants, picnic areas, kids play grounds, high-tech video displays and the like. Buffalo's Pilot Field, home to AAA minor league baseball, markets itself as a family entertainment center.

Today's stadiums not only offer amenities to fans but also to team owners and those who are paying the bills. Luxury skyboxes are an inevitable part of sports economics in the 1990's. Skyboxes are generally leased to corporations for prices starting at approximately \$30,000 and upwards to over \$100,000 in Major league stadiums. These fees often play a critical role in helping to pay



Pilot Field, Buffalo, New York

for stadium construction. Advance revenue from the 120 skyboxes in Jacobs Field put \$51 million dollars into the construction fund. Team owners also receive revenue from skybox sales.

Comparative Analysis of Recent Stadiums

All Stadiums are single use. S= Suburban, U= Urban

Stadium	Year Opened	Cost Millions	Capacity	Sky-Boxes	On-Site Parking	Off-Site Parking	Site Acres	U/S
Minor League								
Sky Sox Colorado Springs	1988	\$4	6500	20	2000	4000	15 *	S
Pilot Field Buffalo	1988	\$42	21050	38	5000	5000	12	U
Charlotte	1990	\$15	10000	20	2500	1500	32*	S
Scottsdale	1992	\$7	10000	0	128	5000	11	S
Harbor Park Norfolk	1993	\$17	12050	24	5000	1500	33*	U
Franklin Quest Salt Lake	1994	\$22	15000	23	500	5000	N/A	U
Indianapolis	1996	\$18	13000	28	0	5000	11	U
Major League								
Oriole Park Baltimore	1992	\$110	48445	72	5000	25000	85*	U
Jacobs Field Cleveland	1994	\$169	42400	119	3200	10000	12	U
The Ballpark Arlington	1994	\$190	49000	120	12000	0	177.5*	S
Coors Field Denver	1995	\$215	50000	58	5500	44000	76*	U

*Includes Parking

Central cities are the financial, government and cultural centers of metropolitan regions. Suburban areas are regional centers for retail and commercial activities and are home to most of the citizens in a metropolitan community. Football, basketball and hockey teams have located in the suburbs, however, Major league baseball to a large degree has remained downtown. Minor league baseball, on the other hand, has sought both suburban and downtown locations.

Proponents for stadiums in downtown locations have argued that economic benefits and downtown revitalization results from a new stadium. Economic spin-off dollars extracted from stadiums are most significant when tourist or dollars from outside the region are counted. Baltimore's Oriole Park has been successful at capturing outside visitors--almost half of the fans are from out of town. The baseball stadium is adjacent to the Inner Harbor, a shopping and restaurant complex anchored by the National Aquarium and the Maryland Science Center.

Stadium Mania

In the past two decades U.S. cities have built some 200 stadiums and arenas. Twenty-eight cities have professional baseball and football teams. More than 150 communities host minor league baseball teams. Since 1985, sixty-five new minor league stadiums have been built. It is estimated that more than \$1 billion dollars are currently invested in sports stadium projects across the United States.

Downtown revitalization programs seek projects that will attract people downtown and that will relate to the downtown economy and built environment. Advocates for Cleveland's Jacobs Field argued for a "civic renaissance"--the stadium would bring people back downtown. Jacobs Field is built on land that was formerly condemned. The stadium project was part of a larger urban development plan designed to spur economic growth and civic pride in Cleveland. Other cities that have recently built stadiums as part of downtown revitalization efforts include St. Louis, Cincinnati, New Orleans, Harrisburg, South Bend, Trenton, and Durham.

In recent years, many local governments have extended subsidies including tax benefits as part of the effort to attract sports franchises to their communities. Most often these subsidies have been justified on the grounds that professional sports teams will generate substantial economic activity and add significantly to the image of a vibrant contemporary community.

Economists, sports analysts and politicians differ greatly on the degree of economic benefit that flows to an area from a sports franchise. Similarly, the value placed on the intangible of "image" varies widely.

There is a wide variance in opinion in the different communities about the degree of public funding that taxpayers are willing to support. For example, in San Francisco, Miami and New Jersey referendums which would have provided subsidies to sports franchises have been rejected. But in cities like St. Louis, Arlington, Texas and Cleveland there has been ample support in the form of substantial outlays of public monies.

"The challenge is to mesh what the city identifies with its present state-technology, for example--and its past heritage, with the planned use for the venue."

- Eric Piper
HNTB Corp.

The underlying national trend is that medium and large-size cities as well as a number of smaller jurisdictions are competing very intensely for the sports dollar. There is increasing competition on behalf of cities to develop creative recreational and sports activities. Cities are recognizing stadiums as part of the urban environment--they are a "living" part of the city. Baltimore's Oriole Park fits neatly into the inner harbor development area of downtown. Stadiums are no longer haphazard developments, but are part of innovative and creative planning. They complement, respond and relate to their urban surroundings. This trend is all the more reason that a comprehensive regional strategy needs to be in place for sports development.

Stadium Alternatives

This section provides an analysis of five alternative scenarios that explore this region's outdoor stadium options. Basic assumptions, resulting from both interviews and comparative research, underlie the entire process. We established several guidelines to evaluate each alternative with. We have limited the number of alternative scenarios to five, based on the following assumptions.

Assumptions

- At least some level of public subsidy is required for all options.

In today's competitive sports market, some level of public partnership is required to finance new athletic facilities.

- A new, single-use football stadium is not practical for this market.

Building a new facility of suitable size is not warranted for the PSU football program. Even with a move to the Big Sky Conference, Civic Stadium is an adequate facility for this use.

It is not financially feasible to build a new stadium for a Canadian Football League (CFL) team. The league is unproven in the U.S., and the revenue generation would not warrant this construction. With minor improvements, the Civic Stadium would provide a satisfactory home to a CFL team.

Past attempts to build a NFL size facility have been unable to generate necessary support.

- Construction of a new multi-use facility is not desirable.

True multi-use facilities, stadiums which are constructed to adequately serve both baseball and football uses, have considerably higher costs than single-use stadiums. Even with the additional costs, multi-use stadiums do not provide the highest level experience for either sport.

Attracting tenants for multi-use stadiums can be difficult, given that major tenants desire a significant degree of control over the facility. National trends show that cities able to attract or retain teams are building single-use facilities.

- Alternative analysis assumes only one large stadium serving the region.

This study examines how the Portland region is served by one major outdoor sports facility. Alternatives that involve the construction of new stadiums, on sites other than Civic Stadium site, assume that the Civic property is redeveloped for other uses.

Evaluation Guidelines

We have identified five guidelines that will be used to evaluate each alternative. The elements of each guideline are:

Financing

Overall Cost and ability to be operationally self sufficient. Projects which are lower in capital cost and more operationally self-sufficient have a higher possibility of being constructed. The requirement of voter referendum lowers financial feasibility.

Economic Benefits

Economic impact on city, neighborhood, and region. Alternative is more feasible the more it adds value to the economy of the region and its immediate surroundings. The ability to attract monies from outside the region raises the economic impact of the alternative.

Site Considerations

Acreage needed; including the ability of the structure to be expanded to allow for major league use. Existing utilities and services. Modes of transportation and access considerations. Alternative is ranked high if physical characteristics permit implementation with relative ease.

Community Support

Project is ranked high if it provides a diversity of events, enhances community image, and would be acceptable to the stakeholders and the public.

Parking

The better the availability of parking for attendees, and parking revenue for the stadium alternative, the higher the rating.

Symbols will be used to illustrate degree to which each criteria is met.

- High.
- ⊙ Medium
- Low

Alternatives

Alternative #1: Status Quo of Civic Stadium.

The Stadium is subject to routine maintenance only. Capital needs and facility enhancements are tabled. When the reserve fund is depleted within 5 years, the stadium closes.

- **Financing**
Operating costs continue to deplete reserve fund. Reserve Fund is likely to be exhausted within 5 years. At that time, no public subsidy will be provided for continued operation. Stadium site can be sold and redeveloped.
- ⊙ **Economic Benefits**
Potential to redevelop site to its highest use. Given development patterns in the neighborhood, the site would contain high density housing with a retail component. This redevelopment would have a large economic impact on the city and neighborhood. However, this type of use attracts few dollars from outside the region.
- **Site Considerations**
No alteration to existing physical characteristics are needed under this option.
- **Community Support**
Lack of investment in the stadium makes it a less attractive venue. The region loses its ability to attract large outdoor events. Loss of facility may stir up public opposition. PSU athletic community will provide strong resistance to a closure.
- **Parking**
Inadequate on-site parking and parking revenue.

Without financial support, Civic Stadium closes. The Portland region loses its only major outdoor facility, costing the city its only significant football and baseball teams. Redevelopment of the site will greatly enhance the neighborhood and provide significant property tax revenue for the city.

Degree to which Guideline is met		
● High	⊙ Medium	○ Low

Alternative #2: Minor Improvements to Civic Stadium.

Minor improvements to the facility, including a cosmetic upgrade and additional amenities for the patrons. The objective is to “clean up” the facility to enhance the visitor’s experience. Additional amenities include a picnic area and expanded concessions. The cost is limited to \$3 million, including needed replacement of the playing field surface with either grass or Astroturf. Likely fund sources include the City of Portland, PSU, and possibly private sector involvement.

- **Financing**
The limited expenditure of money is palatable to all parties. The level of funding will not require passage of bond measure. Stadium improvements increase revenue potential.
- **Economic Benefits**
The Stadium continues to draw large events to the region, which positively impact surrounding neighborhood businesses.
- ⊙ **Site Considerations**
No alteration to existing physical characteristics is needed, though the site is not expandable for major league tenant. Central location and significant transit options. Retains downtown as the regions sports center.
- ⊙ **Community Support**
Enhances stadium experience for users, continues to provide a variety of community events, and keeps current tenants. Small investment to retain large capital asset is a marketable idea. The alternative requires relatively little political advocacy. Given the national competition for sports franchises, this alternative has minimal potential to attract a higher level baseball tenant. Portland continues to lack level of sports team appropriate for its demographics.
- **Parking**
Inadequate on-site parking and parking revenue.

Civic Stadium remains an adequate facility for its present use, a community stadium. The improvements to the facility will allow it to operate with increased self-sufficiency and improve the experience for attendees. The stadium is still available for Canadian Football and professional outdoor soccer. The Portland region remains unable to attract a higher level baseball franchise.

Degree to which Guideline is met

● High ⊙ Medium ○ Low

Alternative #3: New Stadium or Major Renovation, Single Use, Civic Stadium Site.

Both the new stadium and major renovation options produce similar results at similar costs -- a Triple A Baseball Stadium with seating capacity of 10,000 - 15,000 for \$30 - 40 million. The costs of a major renovation are attributable to required seismic, ADA, service area, amenity and seating changes. Either new or renovated, the stadium would be outfitted with standard modern amenities -- skyboxes, concessions, seat-back seating, picnic areas. Natural grass preferred.

- ⊙ **Financing**
High cost option, requires bond measure. Revenue generating capacity greatly enhanced with skyboxes and concessions. Stadium should be operationally self-sufficient.
- **Economic Benefits**
New stadium attracts higher level tenant, widening geographic draw of patrons. Downtown location allows for more of an "experience" before and/or after an event; shopping, eating, and sightseeing. Influx of dollars from outside the region will positively impact stadium neighborhood, city and region.
- ⊙ **Site Considerations**
Site provides excellent service and utility hookups. 7 acre site is small relative to other AAA level ball parks, which average 10-12 acres. Making the stadium expandable to major leagues, a must for political feasibility, usually requires 18 acres. Central location and significant transit options. Retains downtown as regional sports center.
- ⊙ **Community Support**
New stadium provides family-fun atmosphere, enhancing experience of going to event/ballgame. Greater sense of community cohesiveness and identity. Events limited to baseball related activities. Non-baseball tenants, most notably PSU, would be displaced. This provides the potential for strong resistance by specific groups. Requires private sector partner which the region seems to lack. Requires strong local, regional, and possibly state-wide governmental leadership/advocate which is lacking. Public support will rely on successful benefit/cost argument and timing.
- **Parking**
Inadequate on-site parking and parking revenue.

Civic Stadium site is transformed into a baseball only facility. Other community uses must find new homes or face elimination. The Portland State athletic program is severely threatened by this alternative. Additionally, the site limits the potential expansion to major leagues.

Degree to which Guideline is met		
● High	⊙ Medium	○ Low

Alternative #4: New Stadium, Single Use, Downtown Location

Construction of a new baseball only stadium in the downtown area. The facility would have a seating capacity of 10,000-15,000 with the potential for expansion to major leagues. Amenities would include skyboxes, seat-back seating and picnic areas. The estimated cost is \$30 - \$40 million.

- ⊙ Financing
High cost option, requires bond measure. Greatly enhances revenue generating capacity with skyboxes and concessions. Stadium should be operationally self-sufficient.
- Economic Benefits
New stadium attracts higher level tenant, widening geographic draw of patrons. Downtown location allows for more of an "experience" before and/or after an event; shopping, eating, and sightseeing. Influx of dollars from outside the region will positively impact stadium neighborhood, city and region. Civic Stadium site is redeveloped at its highest use.
- ⊙ Site Considerations
Site chosen with major league expansion capabilities. Portland's downtown land market is extremely tight. May require dislocation of businesses or residents. Grid system advantage to traffic circulation in downtown location. Urban site will provide excellent service and utility hookups. Central location and significant transit options. Retains downtown as regional sports center.
- ⊙ Community Support
New stadium provides family-fun atmosphere, enhancing experience of going to event/ballgame. Greater sense of community cohesiveness and identity. Events limited to baseball related activities. Non-baseball tenants, most notably PSU, would be displaced. This provides the potential for strong resistance by specific groups. Requires private sector partner which the region seems to lack. Requires strong local, regional, and possibly state-wide governmental leadership/advocate which is lacking. Public support will rely on successful benefit/cost argument and timing.
- ⊙ Parking
High land cost in downtown will minimize number of stadium parking spaces and subsequent revenue. Availability of off-site parking garages if located within 10-minute walking distance from downtown core.

Portland gains a baseball park which can be expanded to major league requirements. The city of Portland remains the sports center of the region. Civic Stadium is redeveloped, other community uses must find new homes or face elimination. The Portland State athletic program is severely threatened by this alternative.

Degree to which Guideline is met		
● High	⊙ Medium	○ Low

Alternative #5: New Stadium, Single Use, Suburban Location

Construction of a new baseball stadium in the suburbs. The facility would have a seating capacity of 10,000-15,000 with the potential for expansion to major leagues. Amenities would include skyboxes, seat-back seating and picnic areas. The estimated cost is \$30 - \$40 million.

- ⊙ **Financing**
High cost option, requires bond measure. Greatly enhances revenue generating capacity with skyboxes and concessions. Stadium should be operationally self-sufficient.
- ⊙ **Economic Benefits**
New stadium attracts higher level tenant, widening geographic draw of patrons. Suburban location provides less opportunity for economic spin-off activity in neighborhood. Civic Stadium site is redeveloped at its highest use.
- **Site Considerations**
Land availability is greater in suburbs. Infrastructure and utility/services will need to be installed. May require new/widening of roads, ramps, or interchanges. Access to many in region limited due to location and limited access by other modes of transportation.
- ⊙ **Community Support**
New stadium provides family-fun atmosphere, enhancing experience of going to event/ballgame. Events limited to baseball related activities. Requires private sector partner which the region seems to lack. Requires strong local, regional, and possibly state-wide governmental leadership/advocate which is lacking. Public support will rely on successful benefit/cost argument and timing. Non-baseball tenants, most notably PSU, would be displaced. This provides the potential for strong resistance by specific groups.
- **Parking**
Parking for revenue and event-goers ample.

The Portland region gains a baseball park which can be expanded to major league requirements. Civic Stadium is redeveloped, other community uses must find new homes or face elimination. The Portland State athletic program is severely threatened by this alternative.

Degree to which Guideline is met

● High	⊙ Medium	○ Low
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Evaluation Matrix

Degree Guideline Met ● High ⊙ Medium ○ Low	Alternative #1 Status Quo	Alternative #2 Minor Improvements	Alternative #3 New Same Site	Alternative #4 New Downtown	Alternative #5 New Suburban
Financing	●	●	⊙	⊙	⊙
Economic	⊙	●	●	●	⊙
Site	●	⊙	⊙	⊙	○
Community	○	⊙	⊙	⊙	⊙
Parking	○	○	○	⊙	●

Policy Recommendation

Based on our review of the alternatives, we have concluded that Civic Stadium can play a viable role as part of a pro-active regional sports program.

The city of Portland has launched an ambitious series of initiatives to promote the city as a regional center for commerce, finance and tourism.

We recommend that this effort be enhanced with an aggressive strategy to nurture and develop amateur and professional sports activity in the area.

Other cities across the nation, many with significantly fewer advantages than Portland, have been successful in attracting major sports programs and integrating them with overall economic and planning efforts. Buffalo is this nation's 50th largest city. It is home to NFL, NHL, and AAA franchises. In comparison to other professional franchise cities, Buffalo has one of the smallest economic markets in terms of retail sales, effective buying power and population.

Not only do these efforts provide attractive recreational and entertainment opportunities for residents of this region and generate income for local businesses, but they create an image of a vibrant contemporary municipality--an intangible benefiting virtually every activity in the region.

Competition for sports teams and major athletic events is intense among cities throughout the United States. Teams and events come to cities who sell themselves as an attractive and economically viable location for sports.

Our recommended course of action is:

- To develop a regional sports strategy**
- To develop specific plans for a new stadium**
- To implement minor improvements to Civic Stadium**

Development of a Regional Sports Strategy (RSS)

We recommend that the Portland metropolitan area develop a regional strategy to better position itself to attract both amateur and professional level sports events and teams. It is reasonable to assume on the amateur front that such a strategy could attract major events like the Goodwill Games, the Pan American Games and the Olympic Festival Games, among

others. On the professional side, the Regional Sports Strategy should be directed toward attracting a Major league , United Baseball league or AAA minor league franchise.

The development of a Regional Sports Strategy will enable metropolitan Portland to approach planning for sports development on a business-like basis. The fact that a municipality has demonstrated the foresight to plan for sport development can be a highly positive sign to a franchise owner preparing to invest millions of sports dollars in a community.

We recommend a Regional Sports Strategy to be integrated into development and growth strategies for the region as a whole. Sports and recreational opportunities should grow with Portland and the entire region. Planning in this area should be as bold, creative and as thorough as that for housing, transportation, the environment and job-producing industries. A model for this approach is at work in Indianapolis, Indiana.

We recommend the regional sports strategy have both long-term and short-term components.

Long-Term Efforts

A long-term approach to the RSS is to develop specific plans for additional sports facilities including the potential for the construction of a stadium that would meet the criteria for a AAA minor league team. Planning for a new stadium would be sufficiently detailed to provide cost estimates, revenue projections, problems of traffic circulation, transportation and parking. In short, we recommend the planning effort to be sufficient to provide governmental entities, possible financiers, prospective tenants and citizens a basic outline of what would be involved should the project become a working reality. We strongly recommend that the project not proceed to construction until a viable tenant or tenants are legally committed.

Based on our findings, we suggest a new regional sports facility to be planned as follows:

- Single-use facility with a minimum seating capacity of 10,000
- Urban location that takes advantage of light rail and other public transportation options
- Site acreage large enough to accommodate possible future facility expansion
- Inclusion of skyboxes to increase operating revenues
- User amenities such as food courts to create a family-fun entertainment atmosphere

We recommend a financial package approach to financing a new stadium.(The reader may refer to the appendix for more details on financing options.) We estimate a new stadium

with the above listed amenities and size to cost between \$30 and \$40 million dollars. This figure is based on recent stadium construction costs. The package would include both public and private funds, taking full advantage of some of the innovative financing mechanisms now being used for new stadium construction. These mechanisms include:

Personal Seat licensing (PSL)

Instrument requiring fans to pay a fee for the right to purchase season tickets. St Louis stadium's PSL sold for \$4,500 each.

Naming rights

Individual or group purchases "name" to stadium. Jacobs Field name was purchased for \$13.9 million.

Luxury suites & Skyboxes

Generally leased to corporations for an annual fee. Fee ranges from \$30,000 to over \$100,000 in major league stadiums. Diamond Stadium (6000 seats) has 12 skyboxes priced at \$7,000.

In addition to these finance mechanisms, we also recommend private funds to be contributed by an incoming franchise. These contributions have been as high as fifty percent of a stadium's total construction cost.

Public funds generally come from General Obligation bonds for stadium construction. These bonds require voter approval. We suggest a regional bond measure for new stadium construction. A variety of finance mechanisms have been utilized for stadium construction in the recent past.

- Sin Tax**

Designated tax increases on liquor, cigarettes, etc. Generated \$150 million toward financing the Gateway Complex in Cleveland.

- Special State Sports Lottery**

A sports lottery was established to finance the activities of the Maryland Stadium Authority. The lottery funded \$24 million towards Orioles Park.

- Dedicated Sales Tax**

Voters in both San Antonio and Denver authorized the imposition of a dedicated sales tax to finance stadiums. In San Antonio voters approved a 1/2 cent, 5 year sales tax. In Denver, voters approved a sales tax equal to 1/10 of 1% which is expected to generate approximately \$100 million dollars.

Short-term

We recommend that improvements of the existing Civic Stadium be the priority of the immediate efforts to develop a Regional Sports Strategy. The 70 year old stadium can continue to serve as an important facet in the new sports strategy. We recommend that the improvements be limited to \$3 million dollars with priority placed on enhancing the patron's experience. The following is a list of suggested improvements and their respective costs:

Operational Uses	
Astroturf replacement (within next 5 years)	\$1,300,000.00
Roadway Renovation	\$20,000.00
Sub-Total	\$1,320,000.00
Safety & Health	
Add ADA compliant restrooms	\$200,000.00
Roadway lighting replacement	\$10,000.00
Facility Directional Signage	\$6,000.00
Concourse Lighting	\$5,000.00
Minor ADA compliance improvements	\$7,500.00
Repair warning track	\$10,000.00
Sub-Total	\$238,000.00
Stadium Amenities	
Replace scoreboard and zone boards	\$300,000.00
Outfield bleacher replacement	\$500,000.00
Portable chair replacement	\$10,000.00
Widen concourses	\$50,000.00
Sound system upgrade	\$50,000.00
Replace refuse receptacles	\$8,500.00
Lower press box	\$4,000.00
Box seat replacement	\$10,000.00
Bleacher replacement	\$5,000.00
Sub-Total	\$937,500.00
Equipment Replacement	
Scrubber	\$40,000.00
Portable radios for security	\$5,000.00
Sub-Total	\$45,000.00
Visual Enhancements	
Paint exterior	\$35,000.00
Top coat roof & paint	\$55,000.00
Paint interior	\$50,000.00
Sub-Total	\$140,000.00
Total	\$2,680,500.00

This improvement package does not require any expenditures for seismic upgrades. Civic Stadium is not in violation of seismic codes in its present condition. Improvements or renovations requiring additional structural support would, however, warrant seismic expenditures.

The stadium is now used by the Portland Rockies, a Class A team in the Northwest league. We believe that the recommended improvements will enhance the conditions for the region's existing baseball franchise and will, in turn, signal the region's willingness to provide and maintain proper facilities for professional teams at any level.

In addition, the recommended improvements will benefit Portland State athletics, high school athletic programs and the variety of community tenants and events currently using Civic Stadium.

We strongly suggest a new management approach for Civic Stadium. We believe that there needs to continue to be a "public" character to whatever entity controls the facility. Community needs and concerns always need to be on the table so that maximum community benefits can be realized. Portland State University is a major stadium tenant with a critical interest in its continued operation. PSU has experience with managing public facilities and it

has successfully marketed some of its sports programs. It can draw on its student body and academic programs to assist with marketing and operating events. PSU can serve as the link between community interests and the need to operate a financially self-sufficient stadium. We urge the consideration of Portland State University as the stadium's principle manager.

We recommend that Civic Stadium operate as an enterprise fund. In this capacity, it is expected to be self-sufficient financially, dependent upon income generated from events as well as other revenue sources to support its operating costs. The goal of the financial plan is to balance expenditures with revenues, provide for future capital needs after the minor improvement plan is implemented and retain adequate reserves.

We recommend that Civic Stadium be maintained as a community facility when and if the city builds a larger stadium for a higher level baseball team. The two stadiums would serve distinct but equally important roles in an overall Regional Sports Strategy. The stadium can continue to be used for Portland State University athletic teams and for community cultural and sports events.

It would be wasteful and poor planning to turn all of the attention on the more grandiose possibilities of future sports development such as the construction of a new stadium.

Civic Stadium is an existing resource that should be nurtured, preserved and promoted. For a relatively modest investment of approximately three million dollars, the stadium can continue to be an important facility for its current tenants. It should remain part of our regional sports strategy.

These long-term and short-term objectives of a Regional Sports Strategy require regional resources and financial commitments. Integrating these efforts into region-wide planning goals will protect public monies, encourage proper land use, minimize transportation problems and protect the environment.

A Regional Sports Strategy will enable Portland to lay out the data quickly, to provide an immediate analysis, and develop a full picture for any potential sports franchise or activity. A Regional Sports Strategy can be a model of quick response that will give the region a significant advantage over cities that are forced to patch together inadequate data at the last minute.

Our final recommendation is to encourage the Metropolitan Exposition Recreation Commission to begin the groundwork for pursuing the concept of constructing a new stadium in Portland. Funds for this effort could be diverted from MERC's stated intention to conduct a Civic Stadium viability study.

Appendices

Stadium Finance Options

Building a stadium without a major league tenant limits the financing options available. In almost all cases, public financing would be the major component of any stadium financial package.

Fiscal needs of any stadium are broken down into two categories: capital and operating. To address these expenditures, adequate revenue streams need to be allocated for debt payback.

To bring down the overall amount needed for debt financing, a strategy to maximize up front funding should be encouraged. Potential exists in searching out funding from participants in the areas of advertising and concessions. Other areas to exploit include naming rights and possibly seat rights. For example, certain segments of the facility can be marketed to both individuals and companies wishing to attach their names to the project. An example would be, the "Company X" Picnic Pavilion.

Following is a description of the various means available to finance a new construction or significant renovation.

General Obligation Bonds

General Obligation bonds are backed by the "full faith and credit" of the issuer. In turn this pledge is generally supported by a commitment by the issuer to repay the principal and interest through whatever means may be necessary, including levying additional taxes. By doing this the state or city issuing the bonds would be able to get the funds at a lower cost. Since the passage of Measure 5, all GO's are subject to voter approval.

Advantages

- The strength of the issuers pledge would provide the highest credit rating, lowering the cost of funds.
- Simplifies financing arrangements, lowering cost of bond issuance and eliminating the need for a bond reserve fund.
- Property taxes can be levied outside a municipality's operating levy to pay debt service.
- Under Measure 5 they are exempted from the limits if they finance projects which are "capital construction or improvements." However, there is a more narrow authority for GO debt issuance than under previous law.

Disadvantages

- Within the highest rating category, there are limits to the amount of general obligation that can be issued.
- State general obligations are limited to a fifteen year period.

State law limits the total amount of unlimited general obligation debt local governments can issue. Bonded debt is limited to the percentage total debt of the jurisdiction's total cash value.

For example:

	GO Debt Limit (% of True Cash Value)	ORS Reference
Cities	3.00%*	287.004
Counties	2.00%	287.054
County Service Districts	13.00%	451.545
Metropolitan Service Districts	10.00%	268.520

*Bonds for a variety of capital improvements are exempted from this limit. They include water, sanitary, and storm sewers, sewage disposal plants and off-street parking facilities.

From: "Local Government Infrastructure Funding in Oregon"

Moral Obligation Bonds

The state could pledge its "moral" obligation to repayment of the debt. Revenue from the facility will be looked at as security, indicating the credit worthiness of the deal.

Advantages

- A moral obligation "enhances" a credit without the pledge of a general obligation, thereby lowering interest costs.

Disadvantages

- A moral obligation pledge is considered by the rating agencies when evaluating the credit standing of the bond issuer.
- Such an issue would require special legislative authorization.

Revenue-Backed Obligations

Revenue-backed obligations are necessarily a more complex and less secure obligation than a general obligation. As opposed to a general obligation, where debt service must be paid from any and all sources of available revenue, a revenue bond commits the issuer to pay debt service only from those sources provided for in the trust indenture. The more broad the revenue sources and the more predictable the source, the more credit-worthy the issue.

In order to issue bonds at a rate that is likely to be acceptable to the issuer, the bonds will have to carry an investment grade rating.

Minimum investment grade ratings:

Moody's	Baa
Standard & Poors	BBB+

The better the rating, the lower the interest. The projected revenue stream will be compared with the debt service required. The required coverage of debt service for an investment grade rating will range

from 1.25 times to 2.5 times or more depending on the revenue source. A stadium facility with no extensive history that can be used for projections may gain an investment grade rating with a coverage of 1.5 to 2.0 times or more, depending on the term of the issue. The need for high debt coverage results from the uncertainty regarding both revenues and operating expenses. Another issue involves the addition of a debt service reserve fund and this fund will be required with at least a year's maximum debt service.

Hotel/Motel Tax

Increasing the hotel/motel tax may be an option. Portland currently levies a 9% tax on lodging.

Increased Tax

Source of Revenues	Revenues Collected
Estimated 1991 Revenue	\$158,881,250.00
Metro Adjustment Factor	95%
Est. Revenue Produced in Metro	\$150,937,188.00
Additional Tax	2%
Gross Additional Levy	\$3,018,743.76
Estimated Collection Rate	90%
Additional Cost of Administration	\$0.00
Additional Funds Collected Per Year	\$2,716,869.38
Taxes Collected over 15 years	\$40,753,040.76

Advantages

- Gives the project a dedicated revenue stream.
- The tax is politically appealing because the majority of the burden is on visitors rather than local residents.
- The tax affects the hoteliers who will benefit from the stadium.
- The revenue stream is not directly related to the success of the stadium and is very predictable.

Disadvantages

- In general, a dedicated stream of special tax revenues would constitute a poorer credit than a general obligation pledge, thereby causing higher debt service costs.
- Imposition of the tax might drive visitors to stay in other areas.
- Since tax is already in place, it may be hard to justify an increase.
- Hoteliers would provide strong opposition.

In Oregon the legal authorization is based on the local Home Rule Charter.

Comparison of Hotel/Motel Tax Rates

City	Tax	Average Downtown Room Rate	After Tax Room Rate
Indianapolis	5%	\$64.63	\$67.86
Knoxville	5%	\$75.00	\$78.75
Omaha ¹	5%	\$73.75	\$77.44
Anchorage	8%	\$96.00	\$103.68
Las Vegas	8%	\$57.00	\$61.56
Milwaukee	9%	\$52.97	\$57.74
Portland	9%	\$80.16	\$87.37
Reno	9%	\$43.47	\$47.38
Boston	10%	\$122.00	\$133.83
Cincinnati ²	10%	\$82.00	\$90.20
Little Rock	10%	\$60.00	\$66.00
Orlando	10%	\$43.02	\$47.32
Louisville	10%	\$71.45	\$78.74
Phoenix	10%	t	t
San Diego	11%	\$91.95	\$101.60
New Orleans	11%	\$103.11	\$114.45
Denver	12%	\$85.86	\$96.08
Kansas City	12%	\$76.67	\$85.86
Atlantic City ³	12%	◆	◆
Baltimore	12%	◆	◆
Charlotte	12%	\$59.37	\$66.49
Pittsburgh ⁴	12%	\$77.65	\$86.97
San Francisco	12%	\$99.15	\$111.05
Miami	13%	\$79.28	\$89.19
Anaheim	13%	\$74.50	\$84.19
Atlanta	13%	\$77.22	\$87.26
Dallas	13%	\$97.00	\$109.61
Philadelphia	13%	\$87.64	\$99.03
Washington DC	13%	\$116.56	\$131.71
New York ⁵	14%	\$137.81	\$157.45
Cleveland	15%	\$85.58	\$97.99
Chicago	15%	\$98.27	\$112.91
Houston	15%	\$85.30	\$98.10
San Antonio	15%	\$71.34	\$82.04
Seattle	15%	◆	◆

◆ = No Data

¹ = 5% + \$2

² = (5.5% sales tax + 4.5% room tax)

³ = (+\$1-\$2)

⁴ = (6% sales tax + 5% room tax + 1% County)

⁵ = (8.25% sales tax + 6% room tax) + \$2

Car Rental Tax

Increasing the car rental tax is another possibility.

Advantages

- Gives the project a dedicated revenue stream.
- The tax is politically appealing because the majority of the burden is on visitors rather than local residents.
- The revenue stream is not directly related to the success of the stadium and is very predictable.

Disadvantages

- In general, a dedicated stream of special tax revenues would constitute a poorer credit than a general obligation pledge, thereby causing higher debt service costs.
- Imposition of the tax might drive visitors to stay in other areas.
- Since tax is already in place, it may be hard to justify an increase.
- It would be hard to show a direct connection to stadium activities

Comparison of Rental Car Taxes

City	Rental Tax
Atlanta	6%
Boston	5%
Chicago	\$2.75/rental + 18%
Dallas	18%
Denver	\$2.98/day + 11.3%
Detroit	6%
Fort Worth	18%
Honolulu	\$2/day + 4.17%
Houston	10%
Las Vegas	13%
Los Angeles	8.25%
Miami	\$2.05/day + 6%
Minneapolis	\$10/rental + 6.5%
Newark	6%
New York	8.25%
Orlando	\$2.05/day + 13.8%
Phoenix	\$2.50 + 20.8%
Pittsburgh	\$2/day + 6%
Portland	10%
San Francisco	8.5%
St. Louis	5.275%
Seattle	15.1%

Sin Taxes

It would be possible to dedicate proceeds from other types of taxes, such as those on liquor and tobacco.

Advantages

- While not assessing the users of the stadium per se, this tax is an imposition on only the purchasers of these specific products, and therefore, assessment of these taxes tends to be more politically palatable than an increase in ad valorem, income or general sales taxes.
- Demand for these products tends to be price inelastic, providing a stable and predictable revenue flow.

Disadvantages

- May drive consumers of these goods to other areas.
- Revenues might be insufficient.

Non-Tax Fees

It may be possible to supplement the revenue flow to the project by dedicating certain available non-tax fees collected or newly imposed. These could include anything from hunting licenses to liquor sale permits.

Advantages

- These fees are somewhat obscure and have low incidence making them more politically acceptable than general tax increases.

Disadvantages

- Would have to tap a variety of sources, complicating issues of predictability.
- Most fees are already assessed and allocated toward other uses, therefore you would have to re-direct the fees.

Pure Revenue Projects

This alternative would involve a pure project financing where only revenues generated by the project are used to repay debt incurred to build the project. To the extent these revenues are sufficient, of course, this may be the ideal method of securing the debt, because opportunity costs are altogether erased. It may be possible to broaden the expected revenue sources, thereby, improving the credit as well as increasing its debt capacity. The ability to accurately forecast revenues, through advance commitments such as long-term leases, would be critical to this option. This is an example of nonrecourse financing, in that the obligations incurred are repaid solely from revenues produced with no claim against assets or participants.

Advantages

- Politically it is the perfect solution, only the specific users are assessed the costs.

Disadvantages

- Typically the revenues generated just by the stadium would not be sufficient to support the debt issued for construction.
- Typically, the interest costs are high
- The narrowest potential source of revenue.
- Very difficult to secure credit enhancement or a rating.

Credit Enhancement

Depending upon the rating achieved with the selected form of underlying security, it may be economically advantageous to "enhance" the security with a letter of credit or municipal bond insurance. If credit enhancement is secured, negotiations with rating agencies are greatly simplified. In most cases, enhancements can be economically justified with naked credits rated "A" or below. However, it is difficult or impossible to secure credit enhancements for below investment grade paper.

Restaurant Tax

The addition of a restaurant tax may create another revenue stream for a potential stadium. Currently there is no such tax collected in the area. METRO calculated that a 1.25% tax generates \$10.4 million.

Sources of Tax Revenues	Restaurant Receipts
Estimated 1991 Revenue	\$1,323,263,000.00
Metro Adjustment Factor	90%
Estimated Revenue Produced in Metro	\$1,190,936,700.00
Estimated Non-Alcohol Revenue	70%
Estimated Metro Taxable Revenue	\$833,655,690.00
Tax Levy	1%
Gross Amount Collected	\$8,336,556.90
Estimated Collection Rate	90%
Estimated Cost of Administration ¹	\$811,724.00
Net Collection Per Year	\$6,691,177.21

¹ Assumes \$500,000 base admin. cost and point of sale retains 3% of tax levied

Advantages

- Provides a reliable revenue source

Disadvantages

- High cost of implementation and collection.
- Political feasibility is questionable.

Interview List

Ron Allen
President/CEO

State Games of Oregon

Manages annual summer and winter amateur, multi-event sports competitions

Robert Baade

Professor of Economics

Lake Forest College

Stadium Economist

*Owen Blank

Attorney at Law

Tonkon Torp et al

Chair of PMSA technical committee

Roger Breezley

Former President

U.S. National Bank

Involved with Oregon Dome Project, an attempt to site a NFL stadium in the Portland area

Jack Cain

Owner/CEO

Portland Rockies

Single A baseball franchise, Civic Stadium Tenant

Cliff Carlsen

Chairman

MERC

Candy Cavanaugh

Stadium Manager

Civic Stadium

Jim Chibnall

Senior Designer

H.O.K.

Stadium designers

Dick Clark

Executive Manager

Portland Rose Festival Association

Civic Stadium special event user

*Indicates a member of the PMSA Board

*Gary Conkling

Commissioner

MERC

*Jack Elder

President

Oregon Sports Action

Involved with Oregon's Olympics effort

Ed Ellis

President

Peter Jacobsen Productions

Major sporting event promotions and productions

*Mark Gardiner

Managing Director

Public Financial Management

Stadium finance expert

*Will Glasgow

Senior Vice-President

PacifiCorp

President of PMSA

*Marshall Glickman

President

Blazers/Oregon Arena Corporation

Operates NBA franchise and manages new Rose Garden arena

*Greg Goodman

President

City Center Parking

Manages parking structures and lots

Todd Greenough

Director of Operations

ProMax, Inc.

Civic Stadium special event user

Hon. Charlie Hales
City Commissioner
City of Portland
Oversees Bureau of Planning

Mark Hunter
Manager
MERC
Manages long range capital projects

J. Isaac
Director of Business Development
Oregon Arena Corporation
Manages the Rose Garden Arena and the Memorial Coliseum

*Stephen Janik
Ball, Janik & Novack
Partner
Affiliated with Portland's former USFL team

Curt Katterhenry
Project Manager
H.O.K.
Stadium designers

Tom Keenan
Managing Partner
Fastixx
Ticket sales for Civic Stadium events

*David Knowles
Director
Bureau of Planning, City of Portland
Public facility financing expert

Kevin Kohnstamm
Arena Project Manager
Portland Development Commission
The City's urban renewal, housing and economic development agency

Pat Lacrosse
General Manager
MERC

*Indicates a member of the PMSA Board

Tom Lasley
General Manager
Ticketmaster
Ticket sales for Civic Stadium events

David Leiken
President
Double Tee Promotions, Inc.
Promotes concerts in Civic Stadium

Hon. Mike Lindberg
City Commissioner
City of Portland
MERC liaison

Brian Myers
Spectrum Group
Stadium managers

Randy Nordloff
Athletic Director
Portland State University
Civic Stadium Tenant

Sharon Pagett
Chair
Goose Hollow Neighborhood Assoc.
Neighborhood Assoc. for Civic Stadium area

Brian Parrot
General Manager
Portland Pride
Indoor professional soccer team

*Judith Ramaley
President
Portland State University
Civic Stadium Tenant

*Bob Ridgley
President/CEO
Northwest Natural Gas
Former chair of the convention, spectator and trade commission for the City of Portland

*Indicates a member of the PMSA Board

Anthony Rufolo
Professor of Economics
Portland State University
Expert on public financing

Ted Runstein
Partner
Kell, Alterman & Runstein
Involved with Oregon Dome Project

Brad Schrock
Senior Designer
H.O.K.
Stadium designers

Ron Simonson
Athletic Director
Portland Public Schools
Civic Stadium Tenant

***James Taylor**
Senior Loan Officer
Portland Development Commission
The Cities urban renewal, housing and economic
development agency

Steve Tidrick
General Manager
Multnomah Athletic Club
The MAC club constructed Civic Stadium and continues
to hold right of 1st refusal on property

Papers

Baade, Robert A., "Stadiums, Professional Sports, and Economic Development: Assessing the Reality", 1994.

Assesses the impact of professional sports and stadiums on urban economic development. Author challenges conventional argument that professional sports stadiums and teams have a significant impact on a region's economic growth. Analyzes 48 cities and their metropolitan areas for a 30-year period to establish relationship between sports and municipal economic activity.

Baade, Robert A. and Dye, Richard F., "The Impact of Stadiums and Professional Sports on Metropolitan Development" 1987

Authors use regression analysis to evaluate the impact of stadiums and professional sports teams on area development. Census data from nine metropolitan areas is basis for study. Paper presents evidence that the presence of a new or renovated stadium has an uncertain impact on local development relative to the region. Paper cautions those who assume or assert a large positive stadium impact.

Okner, Benjamin A., "Subsidies of Stadiums and Arenas" in Government and the Sports Business, The Brookings Institution, Washington, D.C. 1974

Analysis of the direct and indirect economic effects of providing subsidies for sports stadiums. Raises important policy questions for public subsidization of stadiums. How should facilities be priced? Who benefits from stadium subsidies? What is the magnitude of existing subsidies? Although research was conducted in the early 1970s, paper serves as foundation for understanding public benefits and costs of subsidizing sports stadiums.

Stadium Studies

Jack Kent Cooke Stadium, 1994

Washington Redskins proposal for a new stadium in Laurel, Maryland. Proposal includes quick facts on proposed stadium, list of economic benefits, list of environmental impacts, traffic facts, and a short appendix. It should be noted that Anne Arundel County denied permit to build facility in fall of 1994.

Key Elements of the Transactional Framework for the Downtown Washington Arena, 1994

Report describes the main elements for a proposed downtown arena in Washington, DC. Includes organizational structure of arena ownership, characteristics of arena, cost and financing of arena, and fiscal and economic impacts on downtown Washington, DC. Includes a memorandum of understanding regarding construction of a sports/entertainment arena.

Stadium Requirements Report, Maryland Stadium Authority, Peat Marwick, Mitchell & Co., 1987

Report outlines stadium siting and activity recommendations, evaluates stadium design concepts and cost estimates, and reviews alternative financing mechanisms.

Status of Sports Arena Project, District of Columbia, 1994

Report to the Chairman, Committee on the District of Columbia, House of Representatives. Report responds to request to provide information on a proposal to build a sports arena in the District of Columbia. Report describes status of project and discusses cost, benefit, and financing factors.

Books

Baseball and Billions: A Probing Look Inside the Big Business of Our National Pastime, Andrew Zimbalist. 1992. New York, Basic Books.

Provides an analysis of baseball as a business enterprise using primarily microeconomic theory. Author believes that baseball is vital to the public interest and that federal government should be actively involved in its operations to protect national interest. Author contends that cities should not have to be blackmailed by big-league franchise holders into building and subsidizing ball parks. Book makes a case for the removal of baseball's exemption from antitrust law and for its regulation by the national government.

Minor League Baseball and Local Economic Development, Arthur T. Johnson. 1993. Sport and Society Series. Champaign, Illinois: University of Illinois Press.

Examines the question: "Do minor league teams contribute enough to the local economy to justify public investment in stadiums? Fifteen case studies of cities across the United States are provided. Each city faced the issue of justifying a public fiscal commitment to build or renovate a stadium. Case studies examine economic and political factors of stadium investment. Analysis is useful in providing an understanding of the mania for local public investment in sports teams and stadiums.

Playing the Field: Why Sports Teams Move and Cities Fight to Keep Them, Charles C. Euchner. 1993. Baltimore, Maryland. The Johns Hopkins Press.

Analyzes the question: "Do major league sports teams contribute so much to a community that it is essential that the public sector be involved to keep the team happy and in town? Approaches the question by looking at why financially weak cities end up making large commitments to sports teams at the same time they are struggling to provide the most basic of services. Analyzes current conditions by examining sports as an industry, the structure of local governmental decision-making, and the nature of modern franchise owner-community negotiations. Provides a solid rationale for a city considering to invest in a professional sports team to thoroughly and honestly justify the economic assets and positive benefits of the investment.

Pay Dirt: The Business of Professional Team Sports, James Quirk and Rodney D. Fort. 1992. Princeton, New Jersey, Princeton University Press.

A study of the economics of professional team sports. Chapter 4 deals with public policy issues of stadium and arena financing. Chapter 4 describes how team owners have gotten taxpayers to build and subsidize their arenas and stadia. Authors calculate that the aggregate subsidy to professional team sports is about \$500 million per year. Chapter 4 looks at data on rental, concession, parking, luxury boxes and other contractual arrangements between stadiums/arenas and sports teams. The International Association of Auditorium Managers (IAAM) Professional Sports Lease Survey is basis for much of the data used in Chapter 4.

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- "The Arena Washington Deserves", *Washington Post*, 10/29/94
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- "Arena Doesn't Need Teams", *Metropolitan Times*, 10/14/94
- "Johnson Applauds Pollin Plan, Bows Out of Arena Talk", *Washington Post*, 1/5/95
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- "As Problems Clear, Forecast Sunny for New Baysox Ballpark", *The Baltimore Sun*, 6/22/94
- "Bowie Not Just Aiming for Big-City Fans", *The Baltimore Sun*, December 16, 1992
- "New Paint Can't Hide Old Enemy: Hagerstown Blue Over New Jays" *The Baltimore Sun*, 8/21/93
- "Baysox are Filling Their New Park", *The Baltimore Sun*, December 22, 1993
- "Bowie, Baysox Finally a Team", *The Baltimore Sun*, June 16, 1994

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- "New Developments in Turf Protection May Mean More Concerts at Stadiums, *Amusement Business*, February 21-27, 1994
- "Double Play", *Progressive Architecture*", July 1994
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- "Rendering Home Town a Political Room Service", *The Wall Street Journal*, January 10, 1995
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- "Pro Football's Home Runs, Stadium Income Holds the Key to the NFL's New Economics", *LA Times*, January 19, 1995
- "Public Subsidies for Private Purposes", *Economic Commentary*, Federal Reserve Bank of Cleveland, April 15, 1991
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- "Edifice Complex", *Financial World*, November 26, 1991
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- "Albuquerque Baseball Club Scores for City", *Austin American-Statesman*, December 31, 1994
- "Catcher Makes Major League Pitch for Virginia", *Washington Post*, January 21, 1995
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