

IMPACT STATEMENT

Legislation title: *Approve findings and authorize an exemption to the competitive bidding process for the design and construction of the Stadium Expansion Project, pursuant to ORS 279C.335 and City Code Sections 5.34.810 through 5.34.830 (Ordinance)

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Purpose of proposed legislation and background information:

This Ordinance authorizes a competitive bid exemption for the development of the Stadium Expansion Project (Project) proposed by Peregrine Sports, LLC (Peregrine). The Project, as proposed, is a \$50 million, privately-funded expansion of the Providence Park Stadium (Stadium) that is anticipated to add approximately 4,000 seats to the east side of the venue.

As the Stadium is owned by the City, it is subject to the policies and procedures in City Code and State Law requiring competition for construction projects on public property. The ability to hire the contractors of their choice is a requirement for Peregrine's commitment to privately finance 100% of the design and construction cost of the Project.

Under the terms of the Stadium Operating Agreement approved by the City Council in 2010, Peregrine has exclusive operating rights to the Stadium until at least 2035. As a result, there is no other party who would consider making this type of investment in the Stadium. If Peregrine were not proposing to pay the entire design and construction cost for the Project, the City would not pursue the Project and there would be no expansion of the Stadium.

The Stadium Operating Agreement also allows the City and Peregrine to agree upon facility Enhancements, including costs and contracting methods. It is anticipated that the proposed Project will be approved as an Enhancement, which requires this competitive bid exemption.

Resolution No. 37283, approved by the City Council on May 10, 2017 declared the City's support for Peregrine's proposed Project and directed City bureaus to work collaboratively with Peregrine and their representatives to advance the Project. The Project will be designed and constructed with appropriate City oversight according to the terms and procedures in the 2010 Stadium Operating and Redevelopment Agreements between the City and Peregrine.

A Term Sheet is being developed that will include additional requirements for the Project and identify any necessary amendments to the 2010 Agreements. The Term Sheet is anticipated to be approved by City Council in June 2017, and any amendments to the 2010 Agreements will be considered later in the year. The City will continue to own the Stadium including the expansion.

Financial and budgetary impacts:

This Ordinance approves a competitive bid exemption for the development of the Project. Authorization of this exemption allows the Project to proceed. Without the exemption, there will

be no Project. This specific action has no direct financial cost to the City as Peregrine has committed to private funding of design and construction costs of the Project.

The exemption is a requirement for Peregrine's commitment of a \$50 million investment in the City-owned Stadium. As explained in the Findings (Exhibit A to the Ordinance), Peregrine requires an integrated operation/development/design/construction team to control costs and manage continued operations of the Stadium during the multi-year construction effort.

Although they are not specific to the action contemplated in this Ordinance, the City will incur some costs related to construction of the Project, should it proceed. These costs include retaining an owner's representative team to provide design and construction oversight of the Project and legal fees associated with the preparation of a Term Sheet and making necessary amendments to the existing legal agreements that govern Peregrine's operation of the Stadium.

The long term financial impact of the Project to the City are directly related to the specifics of the Term Sheet and will be addressed when that document is brought to City Council for consideration. It is anticipated to come to City Council in June 2017. However, as Peregrine proposes to pay the full cost to design and construct the expansion, the City will not incur additional debt obligations and will ultimately benefit from the increased asset value of the expansion.

Community impacts and community involvement:

As required by City of Portland Code Chapter 5.34.830 E, notification of the public hearing on this proposed exemption from the competitive bidding requirements of ORS 279C.335 and City Code Sections 5.34.810 through 5.34.830 was published in the Daily Journal of Commerce on Wednesday, May 24, 2017, 14 days in advance of the Council's hearing. The findings supporting this exemption in Exhibit A were made available upon request to any interested party. Public testimony will be taken at the hearing. No community impacts directly associated with granting this exemption from competitive bidding requirements are anticipated. No other community involvement is required for this specific action, and none was conducted.

Beyond this exemption, the actual construction of the Project will have various community impacts and there are several other opportunities for community involvement in the development of the Project.

The Project will provide additional capacity and help Peregrine address a significant unmet demand for tickets to Portland Timbers games; the current waiting list for season tickets is approximately 13,000.

Providence Park is subject to Zoning Code requirements for a Good Neighbor Agreement (GNA) as defined in City Code 33.510.115. The current GNA, dated February 17, 2010, calls for review and update of the GNA if Additional Construction, as defined in the GNA, occurs that is in excess of \$500,000. The GNA Oversight Committee began meeting in March 2017 in anticipation that an expansion might occur, and expects to make recommendations on updating the required construction mitigation plan and community outreach plan prior to the beginning of construction. The Oversight Committee will also determine if revisions to the Good Neighbor

Agreement and Comprehensive Transportation Management Plan are needed and make recommendations for City Council consideration.

The stadium expansion is subject to a land use review under Design Review, which began on May 11, 2017 with a Design Advice Request before the Portland Design Commission. Review and approval of the Major Encroachment in the Right-of-Way by the City Council is also required for the Project as currently proposed.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount