



[Home](#) / [Browse Council Documents](#)

191021

Ordinance

Amend Operating Agreement with Rip City Management LLC for Veterans Memorial Coliseum to extend term to October 11, 2025 (amend Contract No. 28356)

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Veterans Memorial Coliseum (VMC) is owned by the City of Portland and operated by Rip City Management, LLC, formerly known as and successor in interest to Portland Arena Management, pursuant to the Coliseum Operating Agreement originally executed on April 23, 1993.
2. Since inception, the Coliseum Operating Agreement has been amended seven times to clarify definitions, accommodate proposed VMC renovations, clarify parking management authorities and operations, modify certain fees and operational loss responsibilities, include certain landscaping service provisions, and update other minor business terms. All extension options have been exercised and unless amended, the Coliseum Operating Agreement will expire on June 30, 2023.
3. Ordinance No. 165510, approved by the City Council on June 4, 1992, exempted Coliseum operations from competitive bidding requirements because the operations of the new Oregon Arena (originally called the Rose Garden Arena and now known as the Moda Center) and the VMC are substantially integrated and co-dependent to a degree that separate operational entities would be cost-prohibitive, inefficient, and financially detrimental to both parties.
4. The VMC hosts over 100 events annually with typical attendance of around 400,000. This activity results in over \$30 million in estimated annual economic impact to the region. In addition to concerts, amateur sporting events, corporate meetings graduations and other community events, the VMC is the home arena for the Portland Winterhawks, a Western Hockey League team.

Introduced by

[Mayor Ted Wheeler](#)

Bureau

[Management and Finance](#)

Contact

Karl Lisle

Spectator Venues Program
Manager

✉ karl.lisle@portlandoregon.gov

📞 [503-823-5876](tel:503-823-5876)

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

October 5, 2022

5. The VMC and its location directly adjacent to the larger Moda Center arena creates opportunities for unique and impactful multi-court events such as the Phil Knight Invitational and Phil Knight Legacy NCAA basketball tournaments that will occur this November and are expected to generate over \$10 million in economic impact as 16 men's teams and 8 women's teams play in 32 games over three days in three arenas (in addition to the Moda Center and VMC, the Chiles Center is hosting games).
6. Rip City Management with its predecessor businesses including Oregon Arena Corporation and Portland Arena Management have operated the VMC for most of the past thirty years in tandem with the Moda Center. Shared operations of the two arenas brings considerable operational efficiencies and benefits both the private operators as well as the City.
7. The Coliseum Operating Agreement is one of a set of Rose Quarter agreements entered into by the City and Oregon Arena Corporation (succeeded by Rip City Management) in the early 1990s that led to the development of the Moda Center, Rose Quarter Plaza, Rose Quarter Annex Building and several public and private parking facilities. One of the cornerstone agreements is the Arena Ground Lease, which provides the terms for lease of City-owned land beneath the Moda Center and other structures at the Rose Quarter.
8. The current term of the Arena Ground Lease expires on October 11, 2025.
9. Amending the Coliseum Operating Agreement to be co-terminus with the Arena Ground Lease will provide continued operation of the VMC by Rip City Management through the full term of the Arena Ground Lease and allow a single comprehensive discussion between the City and Rip City about the entire suite of Rose Quarter agreements including operations of and potential renovations to both arenas beyond 2025.

NOW, THEREFORE, the Council directs:

- A. The City's Chief Administrative Officer is hereby authorized to execute the 8th Amendment to the Coliseum Operating Agreement in a form substantially in accordance with Exhibit A attached to this Ordinance.

Documents and Exhibits

 [Exhibit A](#) (186.25 Kb)

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
October 5, 2022

Impact Statement

Purpose of Proposed Legislation and Background Information

The Veterans Memorial Coliseum (VMC) is owned by the City and operated by Rip City Management. Rip City Management is a sister company to the Portland Trail Blazers under the umbrella of Vulcan Sports and Entertainment and operates both the Moda Center and the VMC. This ordinance authorizes the 8th amendment to the Coliseum Operating Agreement with Rip City Management that dates from 1992. This Agreement is part of the suite of Rose Quarter agreements that control the development and operations of the Moda Center, Veterans Memorial Coliseum, public and privately-owned parking garages and other facilities on the Rose Quarter campus.

A key agreement in the suite of Rose Quarter agreements is the Arena Ground Lease which provides for the lease of the City-owned land under the Moda Center and keeps the Portland Trail Blazers playing at that facility. The original term of the Arena Ground Lease expires on October 11, 2025.

Previous amendments to the Coliseum Operating Agreement have addressed a variety of business items and potential VMC renovations. The Agreement includes no additional extension options and currently will expire on June 30, 2023, if not amended.

Council approval of this ordinance will allow continued operations of the VMC by Rip City Management until October 11, 2025 which will make the Agreement co-terminus with the Arena Ground Lease and allow for a comprehensive discussion about future operations of both the Moda Center and the VMC. The 8th Amendment also includes up to ten years of additional extensions to the VMC Operating Agreement that become available to Rip City Management only if the Arena Ground Lease is extended.

Financial and Budgetary Impacts

This amendment will continue the current financial terms of the Coliseum Operating Agreement for an additional two years, three months and 11 days beyond the current expiration date of June 30, 2023. Given the nature of the event business and the age and condition of the building, both revenues and expenses from VMC operations are difficult to predict with certainty. However, looking at the past five years of financial information reveals the following:

Annual revenues the City receives from VMC operations are derived primarily from user fees on tickets, facility rents, net operating profit sharing and parking fees. In the past five years, annual operating income received by the City from VMC events ranged from a low of approximately \$350,000 in 2020-21 (during which time the facility was closed to events due to COVID-19) to a high of around \$1.6 million in both FY2018-19 and FY2019-20.

Annual City expenses related to VMC operations are associated with repair and maintenance activities, professional design and construction management services and necessary capital investments. Annually, over the past five years, these expenses have ranged from a low of just under \$700,000 in FY2019-20 to a high of approximately \$2.1 million in FY2020-21. In accordance with the Operating Agreement, in 2020-21, the City also paid \$250,000 of the net operating losses incurred by the building. Note that the private operators incurred a far greater loss during that year, but the Operating Agreement limits the City's portion of the loss at \$250,000 annually.

In total, over the last five years, the City has spent approximately \$1.5 million more on VMC operations and capital expenses than it has received. However, this can largely be attributed to COVID-19 and the extended closure of the venue. Without the closure, cumulative revenues and expenses would be very close to equal. All City spending on the VMC has been from the City's dedicated Spectator Venues and Visitor Activities Fund.

Event revenues have not fully recovered from the pandemic, and while the outlook is improving, it is possible that VMC operational costs may continue to outpace revenues in FY2022-23, but no net operating loss is expected. The Spectator Venues and Visitor Activities Fund receives additional revenues from Moda Center events and an annual contribution from the Visitor Facilities Trust Account (through the Visitor Facilities Intergovernmental Agreement) and is projected to have sufficient resources to absorb VMC operating and capital costs exceeding revenues if necessary.

Community Impacts and Community Involvement

The VMC hosts over 100 events annually and pre-COVID-19 had regularly seen annual attendance of 400,000 at events. Typical events include concerts, Winterhawks hockey games, NCAA basketball games, family shows, corporate and family association meetings, amateur sporting events, local graduations and a variety of community events including blood drives, non-profit fundraisers, and the Veterans Stand Down. According to a 2018 study, the economic impact from continued VMC operations is estimated to contribute some \$30 million to the local economy annually. This extension provides for that activity to continue for an additional two years and two months under the same operating contract.

This amendment to the Operating Agreement also allows for an integrated discussion with the operators about the future the Rose Quarter campus including future operations and potential renovations to the VMC. The arenas are highly interdependent and there are significant operational efficiencies gained by sharing a single operator. Discussions about extending the Arena Ground Lease are anticipated to begin in the coming year and will include discussions about future operations of and improvements to the VMC.

There is no known opposition to this proposal.

100% Renewable Goal

This action does not directly alter the current energy use of the VMC, however, Rip City Management has been a strong partner to the City in pursuing efficiency projects at the building over the years, and an effort to evaluate the building for LEED recognition is currently underway. It is likely that additional investments in building efficiency will be made during the extended term of the Operating Agreement authorized by this ordinance.

Agenda Items

794 Time Certain in September 28, 2022 Council Agenda

Passed to second reading

Passed to second reading October 5, 2022 at 9:30 a.m.

832 Regular Agenda in October 5-6, 2022 Council Agenda

Passed

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Absent

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Mayor Ted Wheeler Yea

