



March 23, 2010

Rose Quarter Stakeholder Advisory Committee
c/o Portland Development Commission
222 NW Davis Street
Portland, OR 97209

RE: Rose Quarter Development Process

Dear Mayor Adams and Stakeholder Advisory Committee Members:

As you are aware, we sent a letter dated March 5, 2010 to the City Council requesting that the Memorial Coliseum RFP process be put on hold pending resolution of the issues associated with the Operating Agreement between the City and Portland Arena Management (PAM). We are appreciative of the Mayor's agreement to delay the process for a few weeks, his willingness to listen to our concerns, and for his time discussing the issue with the other teams.

Late yesterday, we received copies of a letter from PAM dated March 16, 2010 and the Mayor's letter to the SAC dated March 22, 2010. To say the least, we were very disappointed in the outcomes outlined in these letters. What is particularly troubling is the following dichotomy:

The Mayor's letter states:

“. . . the Trail Blazers (Portland Arena Management) are committed to sitting down. . . to address any needed changes in the Operating Agreement, regardless of which proposal is chosen.”

PAM's letter states:

“. . . PAM is open to discussing changes to the Memorial Coliseum operating agreement if such discussions prove necessary. Pam reserves the right to decide in its sole discretion whether it will agree to any such changes.” (emphasis added)

These conflicting statements make it clear that no real progress has been made regarding the issues raised in our letter to the City Council. It is also apparent that any proposer that enters into an expensive and time-consuming RFP process will do so with what is, in our view, an unfair and unacceptable degree of risk as the Blazers retain what amounts to a

veto right over all other plans. This is exactly the issue raised in our letter to the Council and for which we hoped some degree of mitigation could be found.

As a result, we would like to redouble our objection to continuing with the proposed RFP process. It is now clear that the Blazers control the outcome of the selection process as currently conceived. This is no longer a “competition” and to call it such is a disservice to the teams that have worked hard on developing proposals for Memorial Coliseum and to the SAC members who have volunteered countless hours to the process so far. It is time to for the SAC to either declare that the Blazers win out or, alternatively, help to establish the opportunity for negotiation and compromise. We obviously prefer the latter.

The only hope of salvaging this process is to ascertain whether or not a compromise plan can somehow be negotiated between the Blazers and one of the other proposals currently of record. The SAC can help steer the process in this direction by taking the following actions at tonight’s meeting:

1. Acknowledge that the Blazers (PAM’s) rights under the Operating Agreement give them considerable control over the outcome of the current process.
2. Given the foregoing, declare that a further competitive process involving an RFP is unfair to the other proposers and is not in the community’s best interest. Specifically, the SAC should recommend that the current process be modified, including abandonment of the proposed RFP approach.
3. Declare that the Blazers-Winterhawks proposal represents one viable alternative for use of the Coliseum and the “status quo” relative to use of the Coliseum as a spectator facility under the existing operating agreement.
4. Request that PDC immediately take the steps necessary to determine the capability of the other teams, including ours, to undertake the projects they propose. These capabilities need to include the ability to enter into complicated negotiations with the City and PAM, and the ability to design, fund, secure public entitlements and construct a complex, multi-million dollar public-private project. PDC should ascertain these capabilities by asking additional detailed questions of the proposers as necessary, but without a formal RFP process. This should be done before any further decisions are made regarding the Rose Quarter process.
5. Following the results of the PDC review and recommendations concerning proposer capabilities, and based on the previous review of the responsiveness of the proposals to the Call for Concepts, the SAC should recommend to the City Council a single option as an alternative to the Blazers-Winterhawks proposal.

6. The SAC should request that the Council direct PDC and City staff to facilitate negotiations between the selected alternative and the Blazers to determine if a cooperative plan could be developed.
7. The SAC should request that the Council direct the use of available public funds (that were otherwise going to be used for stipends in the RFP process) to study the recommended alternative to the Blazers-Winterhawks plan and to determine whether there is a feasible compromise plan, including necessary revisions to the original proposal.
8. If a compromise plan cannot be negotiated, the SAC should recommend that the City Council proceed with the Blazers-Winterhawks plan.

Your consideration of the foregoing is greatly appreciated.

Sincerely,

marcpdx.org

A handwritten signature in black ink, appearing to read 'Douglas L. Obletz', with a stylized flourish at the end.

Douglas L. Obletz, Sponsor