

RQSAC Minority Report

The RQSAC process, and the recommendations which have flowed from it, are seriously flawed:

1. The RQSAC has been precluded from considering the 40-acre Rose Quarter as a whole and has been constrained to prematurely review proposals only for the Coliseum.
2. Four of the five proponents and alternates are dependent upon elimination of provisions of the OAC Operating Agreement assumed by PAM that give the Paul Allen operating companies rights to continue to operate the Coliseum until 2023, and to ensure non-competition with the Rose Garden. Despite the request of one proponent, the MARC, and the RQSAC to resolve this issue before the issuance of the RFP, the City has refused to resolve or even consider it. The non-competition agreement has now been in effect longer than a patent and its continuance will preclude any other proposal. Despite the request of another RQSAC member asking why provisions of the agreement that extinguish operating rights in the event of a bankruptcy do not preclude extension of the agreement, no answer has been given to the RQSAC.
3. All of the proponents and alternates will require substantial sums of public investment which may reach as much as \$150 to \$200 million. The PDC has undertaken no public cost-benefit analysis to suggest that public investments of such an order of magnitude are feasible, or might outweigh other public priorities.
4. Conversely, the PDC has not dispelled the urban myth that the Coliseum is unprofitable for the City. In fact, under normal business accounting, the City has realized a profit of \$3.7 million over the last 10 years despite the fact that those include 3 years of the OAC bankruptcy and 3 years of the Great Recession. Moreover, the provisions of the Operating Agreement make it in the economic interest of PAM to keep the Coliseum at a breakeven level to prevent assumption of Coliseum operating losses and to book larger and more profitable events at the Rose Garden. Alternative agreements have not been investigated.

5. While the RQSAC has been considering Coliseum proposals, a separate advisory committee, the North/Northeast Economic Development Initiative Community Advisory Committee (N/NE CAC), has been reviewing proposed changes to the boundaries of the Oregon Convention Center Urban Renewal Area (OCCURA) and the Interstate Urban Renewal Area (IURA). The PDC web site shows that much of the Rose Quarter, except the Coliseum area, is proposed to be added to the IURA. See <http://pdc.us/pdf/future-of-urban-renewal/nrestudy/cac/2010/meeting-6/Study-Area-Map-East.pdf>. The Coliseum area would stay in the OCCURA. According to PDC, approximately \$5M has been allocated to the Coliseum improvements from the OCCURA and another \$25M “may be available” by selling zero coupon bonds. More funds may be available to the Coliseum if it was included in the IURA, but the RQSAC has not been able to review this issue.



6. Over the six months of the process, the PDC has failed to produce operating income and expense data, programmatic history and other data of the type normally published by operators of publicly-owned arenas, [attached pp. 22-56] which has been requested by RQSAC members since September.

7. The PDC has inadequately prepared the base case for the Coliseum. The PDC was advised on January 11th of 10 reasons [*attached*] why its base case statement was inadequate, but it has produced no corrected restatement. Asked by the Mayor to prepare a statement of what the base case should include, a member of the RQSAC did produce a memorandum of 12 points that, with a 29-page illustrated book, [*both attached*] were given to the Mayor and PDC on February 22nd.
8. The PDC has precluded the SAC from evaluating the public costs and benefits of the Coliseum proposals against the base case. Despite a statement from the Mayor that the base case would be used as the basis to compare the proposals, no comparisons were made before PDC prematurely urged a straw vote to select the proponents, which it then treated as a final vote, even though a third of the RQSAC was not even present and had no opportunity to vote.
9. The applicants were directed by PDC to propose uses within the Coliseum, rather than the developable area around it. Yet three of the five proponents and alternates are substantially dependent upon their proposals for areas outside it, for which there are no evaluation criteria.
10. There is no public benefit in reducing seating capacity because it is the largest events that are the most profitable. The reduction of seating capacity precludes events like the Davis Cup tournament and full house events like popular concerts, graduations, and the Obama and Nader rallies. However, all three of the proponents propose reducing seating to the range of 6,000 to 8,500 seats. The Blazers justify the reduction contending that fewer seats make the bowl more intimate. Yet without reduction of bowl size, it is difficult to understand how fewer seats in the same sized bowl leads to greater intimacy. It is understandable that fewer seats make the Coliseum less competitive with the Rose Garden for larger, more profitable events.
11. For all these reasons, the City Council should:
 - a. Reject the recommendations of the RQSAC;
 - b. Direct the PDC to stop preparation of an RFP;
 - c. Investigate alternatives to continuance of the Operating Agreement;
 - d. Remand consideration of all the proposals and issues outlined herein to the RQSAC with the direction to:
 - i. Focus on the Rose Quarter as a whole;
 - ii. To compare proposals with the base case as presented in the attached materials;
 - iii. To recommend alternative deal structures for the operation of the Coliseum, and
 - iv. To recommend revised proposals for the planning and development of the Rose Quarter and Coliseum.
 - v. To comment on the boundary change recommendations regarding OCCURA and IURA.

Respectfully submitted:
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