



# Rose Quarter Development Project

## Stakeholder Advisory Committee (SAC) Meeting #5

Tuesday - November 10, 2009 - 6:15 to 7:30 p.m.

Portland Development Commission

222 NW 5th Ave, Portland

## DRAFT Meeting Summary

### Meeting purpose

- Review Memorial Coliseum Baseline Conditions Report
- Refine Concept Screening Process

### Attendance

- **Samuel Brooks**, Oregon Association of Minority Entrepreneurs (OAME)
- **Andrew Colas**, National Association of Minority Contractors (NAMCO)
- **Rosemary Colliver**, Tonkon Torp
- **Paul Falsetto**, American Institute of Architects
- **Dean Gisvold**, Central City Concern
- **Rick Michaelson**, Urban Development Advocate
- **Regina Hauser**, Natural Step Network
- **Lillian Karabaic**, Bicycle Transportation Alliance
- **Philip A. Kalberer**, Kalberer Company
- **Wade Lange**, Ashforth Pacific
- **Clint Lundmark**, Eliot Neighborhood Association
- **Will Macht**, Portland State University
- **Drew Mahalic**, Oregon Sports Authority
- **Sandra McDonough**, Portland Business Alliance
- **Jeff Miller**, Travel Portland
- **Greg Phillips**, Portland Center Stage
- **Joseph Readdy**, American Institute of Architects
- **Jules Renaud**, Student – Winterhaven School
- **Alicia J. Rose**, Mississippi Studios and independent artist
- **Virginia Sewell**, Oregon Ballet Theatre
- **Tony Stacy**, One Wolf Soccer, Management and Development
- **Rick Williams**, Lloyd Transportation Management Association
- **Walter Valenta**, Interstate Corridor Urban Renewal District Advisory Cmte.

### Guests

- **Abe Farkas**, ECONorthwest
- **John Meadows**, BOORA Architects
- **Calvert Helms**, BOORA Architects
- **Charlie Johnson**, CH Johnson
- **Rob Mawson**, Heritage Consultants
- **John Tess**, Heritage Consultants

### Core Project Team

- **Amy Ruiz**, City of Portland, Mayor's Office
- **Kia Selley**, Portland Development Commission
- **Kevin Brake**, Portland Development Commission
- **Nikolai Ursin**, Portland Development Commission
- **Vaughn Brown**, JLA Public Involvement
- **Kalin Schmoltdt**, JLA Public Involvement

(RL) Denotes items that will be added to the Response Log.

## Opening

**Call to order / Meeting purpose and agenda** – Chair Sam Adams addressed the project schedule. The “Brainstorm” phase is now complete. The Baseline Report is intended to help the SAC evaluate the incoming Coliseum Concepts. The Concept Phase is expected to conclude on December 1. *[The closing date has since been extended to Jan. 8.]* After Concepts have been submitted they will be categorized based on whether they comprehensively address the site or whether they focus on specific site elements. The goal is to allow the SAC to encourage and prioritize good partial concepts so that they can be advanced into possible partnerships and help shape the eventual call for proposals.

Concept summaries have been posted on the Web site. Complete applications will be provided to the SAC for review and evaluate at the close of the application period.

**Approve SAC Meeting #4 Summary** – (Comments were collected through email prior to the meeting.)

## Memorial Coliseum Baseline Conditions Report Findings

**Consultant panel – SAC questions and discussion** – Kevin Brake introduced the panel of consultants. Questions that cannot be answered by the panel will be entered into the SAC Response Log. Abe Farkas reiterated the five focus areas for the Baseline Report: historic listed status; needed improvements and costs; Memorial Coliseum profitability; funds available to support re-use concepts; and revenues to the City from the Coliseum.

**Historic/Architectural Issues** – John Meadows explained that the Report considered code and operational deficiencies. Exact code requirements will vary depending on the final building use and there are still questions about which codes must be met and which could be exempt. Operational problems have been identified, such as the ice-rink and concessions. The Baseline Report looks at minimum necessary capital upgrades and identifies a range of soft costs.

- **Wade Lange** asked for more information on possible code requirements. John explained that different levels of renovation will trigger different codes. The code requirements will be easier to evaluate once specific concepts are identified.
- **Tony Stacy** asked whether material disposal costs were included in the Report and whether construction materials lists were used to make those estimates. John said that the cost of removing demolished material is included although additional costs to remove hazardous materials that may be present in the building (aside from asbestos) are unknown. John said that he is aware of common materials used when the Coliseum was built. The Report does not consider specific material lists though it does consider construction plans of the building.
- **Dean Gisvold** raised questions about how the net Rose Quarter income of \$900,000 is allocated and the current balance of the City Spectator Fund. Abe noted that the City has committed profits from the Rose Quarter to investment in PGE Park for the next 25 years. Dave Logsdon with the City Spectator Fund can best answer questions about the Fund balance <sup>(RL)</sup>. Dean asked whether the report assumes that income from ticket sales and the 6% of parking fees will go to the Coliseum. He also asked whether the 6% of parking fees can be increased. Abe said that the income is subject to agreement and goes to the Rose Quarter as a whole, not specifically the Coliseum. Charlie Johnson expressed concern about the marketability impact of raising the parking tax.
- **Dean Gisvold** asked about additional funding through the Urban Renewal Area. Kia said that funds may only be tapped through a private party placing preferred interest bonds.

- **Paul Falsetto** noted that architectural elements such as the roof, windows, and concrete were not listed in the critical updates table. John said that replacement of those elements was not considered urgent although some funding for eventual replacement was included. The major code deficiencies pertain to the mechanical and electrical systems.
- **Will Macht** noted that the report says the Coliseum has been unprofitable in eight of the past ten years. As operating income is being offset against capital expenses, he expressed concern over using profitability as a standard and how the term is defined. The facility was originally provided for public benefit, not for profit. Abe explained that the quality of the facility has declined since the management agreement was signed in 1995. The city is responsible for maintaining the building and it is becoming a growing liability. The question now is how to move forward so that the liability doesn't continue to grow. Dave Logsdon can provide a more detailed answer <sup>(RL)</sup>. Will asked whether the facility would be considered profitable if parking revenues were included. Charlie said that although it would seem to be profitable, the current accounting system does not consider it to be so. Profitability must consider and balance the needs of all the facilities. Will noted that the existing deal appears to be inadequate. Kia suggested referring the profitability question to Dave Logsdon <sup>(RL)</sup>. She also noted that the city has obligations for the revenue in question to support other venues. Will said that it is important to know how the parking and tax revenues are used to assess profitability since it is such an important criterion.
- **Rosemary Colliver** asked whether the upgrades include concession services. John said that they made allowances for operational improvements to the kitchens and concession areas. Those facilities are currently limited by their location and the inability to vent and cook food.
- **Dean Gisvold** suggested asking Dave Logsdon about potential revenue sources. Kia noted that in addition to the \$5.4 million urban renewal funds, there are also potentially deferred interest bonds and other sources listed in the Report.
- **Rick Michaelson** noted that up until recently the operating assumption has been that the Coliseum would go away. Associated assumptions now need to be reconsidered.

**Funds to support re-use** – John Tess explained some of the implications of having Memorial Coliseum listed on the National Register of Historic Places and some of the financial incentives for historic buildings. A ten year tax freeze may be possible depending on ownership of the property. A 20% investment tax credit may be available depending on the tenant and ownership. The historic designation will require design review by both the City and the Landmarks Commission. Additional design review at the state level will be necessary if the site is to qualify for the ten year tax freeze.

Rob Mawson noted that using historic tax credits may be difficult, but they have been used with arena projects before. There are often direct conflicts between development efforts and historical standards. The credits are also only worthwhile to taxpaying entities. Tax credits may be worth exploring if a suitable long term tenant is found.

Other potential funding sources include: 700,000-square feet of unused Floor Area Ratio that could be sold once markets improve; revenue bonds; and tax credits.

- **Dean Gisvold** asked about the rate for historic tax credits. John Tess noted that there are fewer tax credit buyers and their value has decreased. Investors are more wary now.
- **Phil Kalberer** asked for examples of cities that gave up ownership control in similar

projects. John Tess offered to provide follow-up information with examples <sup>(RL)</sup>.

- **Regina Hauser** noted that the Report doesn't include any sustainability metrics. Energy use information is vague. She requested information that would help establish a carbon footprint for the facility as well as information on water runoff and waste. Abe offered to try and aggregate those conditions <sup>(RL)</sup>.
- **Rick Williams** asked about key success factors for reuse in the case studies of older venues. Charlie noted the value of community ownership and interest in maintaining the use of the facilities. Abe offered to review success factors from the case studies <sup>(RL)</sup>.
- **Will Macht** noted that it was unclear from the report which code requirements would be triggered by changes in occupancy. John Meadows said that the need for bringing elements of the building up to code is subjective because the listed improvements may be necessary even if they are not explicitly required by the codes. A core needs assessment may help determine which improvements are essential. **Wade Lange** suggested considering existing use and including deferred maintenance to establish a baseline standard to determine how changes in use would prompt changes in code requirements. Will encouraged that the baseline improvement chart be changed to more accurately reflect code changes based on occupancy.

Kia noted that the team is discussing the value of creating a cost estimate that outlines what may be required to address the operational issues within the report. The SAC should let the team know what should or should not be included in the base case scenario.

Vaughn noted that concepts will be discussed at a future SAC meeting. An optional meeting to discuss public-private partnerships may be scheduled for Nov. 22.

**Will Macht** noted that he had heard from individuals concerned about the length of the concept submittal period. They requested that the time be extended by 60 days. Kia offered to consider the request. She encouraged anyone who feels constrained by the deadline to contact her and help assess the need to extend the concept application period.

## Public Comment

**John Baymiller**, urban designer, commented that the red line encircling the Rose Quarter on the Study Area Map represents a box that must be broken. Jumptown will not go anywhere until it goes outside of that line. The issues at hand are larger urban design issues, not just Coliseum issues. The project must push to the river, to Broadway, across Interstate 5, and to the Convention Center. Thinking bigger invites new partnerships, new ideas, and broadened thinking of the Coliseum as the jewel in a ring. The project should look out from the Coliseum at the lack of urban design to determine what Memorial Coliseum should be.

**Gil Frey** – Gil provided materials to the committee members. Gil has been speaking about the Coliseum since 1992 when the Blazers began work on the Rose Garden. At that time, Gil spoke against tearing down the Coliseum to create parking. Consultants were hired out of Pittsburg who called for tearing down the Coliseum and restoring the street grid. Their report also said that the city didn't need a Convention Center hotel. At that time, Gil spoke to PDC about the value of the property. Gil said that he feels he is struggling for his freedom of speech. The materials he brought included information on his family. His five brothers served in WWII and he has family that have served in over 100 locations throughout the world. Gil has been fighting to save Memorial Coliseum out of dedication to those who died. Gil said that he felt his neighbor died for him while in boot camp. Since Gil last spoke, 16 people died at Fort Hood. Gil is also fighting to save the Coliseum for wrestlers in Oregon. It is important to keep the facility the same size. Gil introduced Trudy Reusser who is planning to help him submit a concept proposal.

**Trudy Reusser** said that she had been nominated for membership on the committee and would be interested in serving. She said she would work with the required format to submit a concept. She will learn more about the project and get up to date. Trudy's husband is Marine Ken Reusser who died in June. Trudy hopes to work with the SAC.

**Chris Nestlerode** with Vision in Action encouraged that there be more time for the community to speak during the concept submittal phase. He found out about the submittal process on Friday and began soliciting community feedback. He would like to have more time to put together a proposal derived from the community.

**Matt Miller**, who was architecture intern, also called for more time for concept development. He said that while he has had the opportunity to work on a concept through his thesis, others have not had that opportunity. The Coliseum is an important and historical building and it deserves more than a month for gathering concepts.

## Close

**Next steps** – The project team will let the SAC know about the date of the next meeting by the end of the week. Any meeting scheduled close to the Thanksgiving holiday would not have required attendance.

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## Flip Chart Notes

- Energy use; stormwater; water use information?
- Success factors from example arenas?
- Operations baseline – cost estimate to bring MC up to operational standard/level described in report
- Balance in Spectator Fund?
- Net operating income – what portion is capital? (*Dave Logsdon for details*)
- Are the parking revenues associated with MC accounted for in profitability figures?
- Is the only money available for MC \$5.4M?
- Public entity structure to make historic tax credits available – examples?