

PortlandTribune

Dither too long and PDX teams will split?

Some worry delays on baseball, PGE Park might mean teams leave

BY JIM REDDEN

The Portland Tribune, Jul 9, 2009

Portland Timbers fan Jeremy Wright has a nightmare — one that city taxpayers could end up living, too.

Wright is afraid that if the Portland City Council cannot agree on a plan to remodel PGE Park for Major League Soccer soon, Portland will end up with no professional soccer or baseball teams at all.

And if that happens, Wright fears the city will have trouble maintaining PGE Park or paying off the \$28.5 million debt remaining from the last remodeling project.

“We could lose a lot more than an MLS team,” said Wright, a public affairs consultant and member of the Timbers Army, the local soccer fan club that supports the Portland Timbers United Soccer Leagues team and supports bringing a team from the MLS — the next rung up the soccer ladder.

The organization that sanctions and regulates MLS teams, formally called Major League Soccer, awarded Portland businessman and Timbers owner Merritt Paulson an MLS expansion team on March 20. The week before, the City Council backed Paulson’s bid by agreeing to work with him to remodel PGE Park for the team and to build a new baseball stadium for the Triple-A Portland Beavers, which Paulson also owns.

According to a June 16 memo from Mayor Sam Adams’ office, the MLS officials reserved the right to withdraw Paulson’s award and award the team to Montreal if Paulson and Portland could not strike a viable financing deal by Sept. 1. Adams now admits the city will not meet that deadline, but he hopes to keep the deal on track by convincing the officials it is close at hand.

Commissioner Randy Leonard shares Wright’s concerns.

“That’s one reason I’ve pushed so hard to pull the deal together,” said Leonard, the most outspoken council member in favor of bringing an MLS team to Portland.

Leonard, Wright and others fear that if Paulson loses the franchise team because the city cannot finalize its deal with him, he might move his existing teams out of town. Both teams currently play in PGE Park. Paulson’s lease with the city expires in 2010, the year before the MLS version of the Timbers is scheduled to begin playing there.

Paulson declined to comment on possibly moving either or both teams, saying only that he is committed to bringing the MLS team to Portland and finding a new home for the Beavers in the city. The council is scheduled to consider on July 9 and 10 two ordinances authorizing the city to enter into a contract with Paulson for the redevelopment of PGE Park.

There are several reasons that some are nervous about the MLS deal, however. For starters, the city is essentially starting negotiations with Paulson all over again nearly four months after first approving the deal.

The council originally passed a resolution supporting Paulson’s bid for an MLS team on March 11. It called for the city and Paulson to work together on a two-stadium deal — renovating PGE Park and building a new Triple-A baseball stadium for the Beavers in the Rose Quarter.



The entrance to PGE Park is welcoming for fans. Many fear that if Merritt Paulson loses the franchise team because the city cannot finalize its deal with him, he might move his existing teams out of town.

L. E. BASKOW /
TRIBUNE
PHOTO

agreed to guarantee future rent payments on both stadiums. He also promised to contribute an additional \$12.5 million in cash, which was not formally divided between the two projects.



A rendering by architectural firm Ellerbe Becket, Inc., shows what PGE Park might look like, renovated for soccer only.

But now the baseball stadium is on hold because the city has not found an acceptable site for it. The Rose Quarter site was ruled out after opposition surfaced to demolishing Memorial Coliseum. Lents Park, the backup site, was scuttled when area residents objected to it. The council formally voted to separate the two projects on June 24.

Untangling the financing on the projects is not so easy, however. Both Paulson and the city had expected the new stadium in the Rose Quarter would generate money that could help fund both projects, including future rent payments and city fees on ticket sales. Paulson also expected to earn money from concerts at the new stadium that are not currently allowed at PGE Park because of noise restrictions.

Now, Paulson and city officials must figure out how much they want to contribute to renovate only PGE Park, and where the money will come from. One ordinance being considered by the council estimates the cost of the renovations at between \$36 million and \$41.5 million. But it only identifies \$7.5 million in financing — \$4 million from Paulson and \$3.5 million in “non city funds.” Adams admits the rest of the funding is still “under negotiation.”

Postponing construction of a new baseball stadium creates other problems for Paulson. Because the Beavers cannot play in PGE Park after it has been renovated for soccer, he now needs to find a new home for the Beavers, at least for the first part of the 2011 season and possibly much longer. This may increase the cost of the team to him, further reducing the amount of money he can commit to the PGE Park renovations.

Wright fears that if Paulson loses faith in the city, the relocation of the Beavers might not be temporary, however. Because PGE Park is the only local baseball stadium that meets minor league standards, Paulson is already looking for a home for the Beavers outside the area for at least the beginning of the 2011 season. Potential locations include the Peoria Sports Complex in Arizona, where the Beavers go for spring training.

Wright worries Paulson could permanently relocate the team there if the council cannot find a new location for their replacement stadium. Possible sites like the Portland school district headquarters and the Port of Portland’s Terminal One have been ruled out because of cost, environmental and transportation problems.

“Paulson has never said anything about moving the Beavers out of town and I don’t want to sound like Chicken Little, but it’s something to think about,” said Wright.

The existing Timbers team plays in the First Division of the United Soccer League. But no other USL First Division teams are likely to be located on the West Coast after 2011. The Seattle team became an MLS franchise this year. The one in Vancouver, British Columbia will be replaced by an MLS franchise in 2011.

“The USL is rapidly becoming an East Coast league,” said Wright.

CITY STILL PAYING OFF PGE PARK WORK

Many Portlanders may not care if the city is not home to any professional baseball or soccer teams. But Merritt Paulson professional soccer and Triple-A baseball teams are helping to pay off \$28.5 million in bonds for PGE Park. That is the amount remaining from a \$40 million renovation of PGE Park that took place in 2001.

The renovation was part of an agreement with Portland Family Entertainment, a sports promotion company that went out of business in 2003.

The city's debt payment for the previous improvements is currently around \$3.1 million a year. The bonds are not scheduled to be paid off until 2023. Main financing sources include the Visitors Development Initiative, a multi-jurisdictional fund that receives money from hotel, motel and motor vehicle rental taxes. Another source is the City Spectator Fund, which receives money from fees on spectator events.

Paulson also is paying more than \$1 million a year to the city for the use of PGE Park. Most of the money is for rent. Rent will amount to \$825,000 this year and \$850,000 next year. He also is making fixed payments in lieu of the city's 6 percent tax on events in PGE Park. Those payments are \$190,000 this year and \$195,000 next year.

In addition, Paulson is helping cover PFE's default to the city by paying \$125,000 this year and \$292,000 next year.

If Paulson does not renew his lease in 2011, the city will lose his contributions to PGE Park, including his direct payments and the ticket tax revenue from his events there. But the city will still be obligated for the bond payments for the previous renovations.

— Jim Redden