City of Portland, Oregon

183035

FINANCIAL IMPACT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator	2. Telephone No.	3. Bureau/Office/ Dept.
James Van Dyke	823-4047	City Attorney

5a. To be filed (date)	5b. Calendar (Check One)	4. Date Submitted to FPD Budget Analyst:
April 9, 2009	Regular X Consent ☐ 4/5ths ☐	N/A

1) Legislation Title:

Authorize Sole Source Acquisition and Predevelopment Agreement and Authorize Sole Source Acquisition of an Operating Agreement, both with Peregrine Sports, LLC, Pursuant to ORS 279b.075 and City Code Title 5, Section 5.33.120

2) Purpose of the Proposed Legislation:

This authorizes a sole source agreement with Peregrine Sports LLC for a Predevelopment Agreement, which is attached to the Ordinance. It also authorizes a sole source procurement for an Operating Agreement with Peregrine, but that Agreement is not final and will be submitted to Council at a later date for approval. Peregrine will be responsible for the design and construction of the MLS and Triple-A baseball facilities and thus needs to be predevelopment work. An exemption to ORS and City Code provisions governing competitive bidding is required in order for Peregrine to carryout the Predevelopment Agreement and Operating Agreement.

3) Revenue:
Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

This exemption ordinance has no direct affect on revenues. Future actions on the project, primarily approval of operating agreements for the facilities will have revenue implications.

4) Expense:
What are the costs to the City as a result of this legislation? *(Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)*

The Pre-Development Agreement authorizes a maximum of $2,500,000 from the Spectator Facility Capital Fund. The Operating Agreement is not final and this Council action in regard to the Operating Agreement does not impose any costs on the City at this time.

Staffing Requirements:
5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? *(If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)*

No.

6) Will positions be created or eliminated in *future years* as a result of this legislation?

No.

7) Change in Appropriations *(Please reflect the dollar amount to be appropriated by this legislation. Include the appropriate center codes and accounts that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)*

Fund	Center Code	Account	Amount	Project Fund	Project No.
Spectator Facility Capital Fund			Up to $2.5M		

For LINDA MENG, CITY ATTORNEY

183035

CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Kenneth L. Rust, Chief Administrative Officer

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FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

DATE: June 30, 2009

TO: Mayor Sam Adams

FROM: Jeffrey B. Baer

RE: Adopt findings and authorize an exemption to the competitive bidding process for development of an MLS Stadium, pursuant to ORS 279C.330 and City Code Title 5 Section 5.34.810 and 5.34.820 (Ordinance)

1. **INTENDED THURSDAY FILING DATE: July 2, 2009**
2. **REQUESTED COUNCIL AGENDA DATE: July 9, 2009**
3. **CONTACT NAME & NUMBER: Jeffrey B. Baer x3-6852**
4. **PLACE ON: ☐ CONSENT ☒ REGULAR**
5. **BUDGET IMPACT STATEMENT ATTACHED: ☒ Yes ☐ No ☐ N/A**
6. **THREE (3) ORIGINALS OF CONTRACT "APPROVED AS TO FORM" BY CITY ATTORNEY ATTACHED: ☐ Yes ☐ No ☒ N/A**

7. **BACKGROUND/ANALYSIS:**

The City plans to finance, develop and construct renovation to PGE Park to convert it to a soccer stadium, consistent with the requirements of Major League Soccer (MLS) which will be operated by Peregrine Sports, LLC.

The exemption from the requirements of competitive bidding outlined in ORS Chapter 279C is unlikely to encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts because there is only one available developer/operator for this project, Peregrine Sports LLC. In addition the exemption will result in substantial cost savings to the public because of the substantial private investment and the City risk reduction features to be integrated into the project.

Legal issues - none known
Controversial issues - none known
Citizen participation - none
Link to current city policies - none
Other governmental participation – none

8. **FINANCIAL IMPACT:**

This exemption has no direct affect on revenues. Future actions on the project, primarily approval of operating agreements for the facilities will have revenue implications.

9. **RECOMMENDATION/ACTION REQUIRED:**

Adopt findings and authorize an exemption to the competitive bidding process for development of an MLS Stadium, pursuant to ORS 279C.330 and City Code Title 5 Section 5.34.810 and 5.34.820.

An Equal Opportunity Employer
To help ensure equal access to programs, services and activities, the Bureau of Purchases will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

Major League Soccer PGE Park Improvements Funding Package
July 9, 2009

Peregrine Capitalized Rent Payment	**$11.1 million**
Peregrine Cash Payment	**$ 8.0 million**
Spectator Fund Bonds	**$11.2 million**
City Assumed Soft Costs	**$ .7 million**
TOTAL:	**$31.0 million**

1. Merritt Paulson personally guarantees revenues for years 1-7, and prepays projected revenues for years 8-25.

2. City of Portland receives 7% User Fee on all ticketed events at PGE Park. The City receives 100% of all User Fee revenues in excess of City projections for PGE Park.

3. Peregrine may recoup guarantee payments made when revenues are below projections in a given year by recovering 70% of any user fee revenues in excess of projections in subsequent years until the guarantee payment is recovered. Guarantee payment costs shall not accrue interest during the period of recovery for Peregrine LLC.

4. In the event of cost overruns in excess of $31 million, the City shall extend the term of the lease agreement on PGE Park for a period equal to $1 million in net present value. Peregrine LLC shall be responsible for all other cost overruns.