DATE: August 12, 2009
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 09-95
Future Rose Quarter Development

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

None — information only.

SUMMARY

The purpose of this briefing is to provide an overview of the Rose Quarter Development project (Project) in anticipation of a public kick-off in September 2009 with the first meeting of the Stakeholder Advisory Committee (SAC).

Over the last year, Portland Arena Management (PAM)—Memorial Coliseum manager and Rose Garden Arena owner/manager—has been exploring new opportunities for creating a vibrant, 24/7 sports and entertainment district at the Rose Quarter based on the Rose Quarter Urban Design Plan and Development Strategy (2001). Earlier this year, Mayor Sam Adams requested the Portland Development Commission (PDC) facilitate an agreement with PAM and create a Project process to guide future development. While the specifics of the Project are yet to be determined, future Rose Quarter development will realize the long-anticipated community vision of a pedestrian-oriented, mixed-use district that showcases leading edge sustainability practices, creates jobs, and is well integrated and connected with the surrounding neighborhood and adjacent Lloyd district. The Project is located in the Oregon Convention Center Urban Renewal Area (OCC URA).

The twelve-month Project process will result in the Rose Quarter Development Strategy, for subsequent implementation largely by PAM. The draft Project process includes (4) four key components that are outlined below—refer to Attachment B, Project Process Diagram.

- **Memorandum of Understanding (MOU).** PDC is facilitating negotiation of an MOU between the City of Portland (City), PDC, and PAM that will articulate roles and responsibilities for the parties throughout the Project process with execution expected by the end of August 2009.
- **Community Engagement.** The City and PDC will lead and fund an outreach process to engage the community in all aspects of Project planning, including a determination on the future of the Memorial Coliseum, and preparation of a Development Strategy that will guide future development. The SAC will be convened in September 2009 by Mayor Adams and will advise the Portland City Council on all aspects of Rose Quarter development; opportunities for broader community feedback will be provided on-line and at public forums and meetings throughout the Project process.
• **Memorial Coliseum Future.** The City and PDC will lead and fund a call for ideas to renovate or adaptively reuse the Memorial Coliseum in *November 2009* and will facilitate potential selection of an economically viable reuse proposal by City Council in *April 2010*.

• **Development Strategy.** PAM (or its affiliate) will lead and fund a planning process to create a Strategy for development of the Rose Quarter area in consultation with the community through the SAC and public forums by *September 2010*.

The PDC Board of Commissioners (Board) will be briefed at key Project milestones over the next twelve months to receive guidance on renovation and adaptive reuse of the Memorial Coliseum building as well as on the Development Strategy.

**BACKGROUND**

**Recent Project Activity**

PDC and PAM began MOU negotiations in January 2009 at the direction of Mayor Sam Adams. In February 2009, Mayor Adams and Commissioner Leonard requested PDC put MOU negotiations with PAM on hold to explore integrating the PAM-proposed development program and Merritt Paulson’s proposed AAA Baseball stadium at the Rose Quarter. In April 2009, a 2-day charrette was held with PAM design team members and Merritt Paulson’s stadium design team. Concept plans were developed that proposed a new AAA Baseball stadium at both the current location of the Memorial Coliseum (requiring demolition) and adjacent to N. Broadway and the Broadway Bridge. The most cost-effective location for the proposed AAA Baseball stadium was determined to be the current location of the Memorial Coliseum because of site grades and utilities; however, there was significant community opposition to the removal of the Memorial Coliseum. For this reason, it was determined that the Memorial Coliseum would not be demolished to construct a new AAA Baseball stadium at the Rose Quarter.

**Memorandum of Understanding**

The City and PDC are negotiating directly with PAM based on their existing rights to operate and/or develop the Memorial Coliseum, Public Parking Garages, and surrounding City-owned property by November 2010; their ownership and management of the Rose Garden Arena and adjacent office building; and the long-standing and significant presence of their affiliate’s Trail Blazer basketball team. The Project area includes property owned by the City, PAM, and Aegean Corporation (an affiliate of PAM).

The proposed MOU acknowledges the constraints of public funding for the Project. Tax Increment Financing (TIF) totaling $5.4 million has been allocated to the Project from the OCC URA: $3.5 million in Fiscal Year 2011-12 and $1.9 million in Fiscal Year 2012-13. Future year tax increment revenues (estimated up to $24.9 million) may be accessed through deferred interest bonds and would require private placement. A financial analysis is underway to determine whether an expansion of the Interstate Corridor URA (ICURA) could generate additional revenue for the Project; expansion of the ICURA would require concurrence by the N/NE Study Advisory Committee as a first step before the formal expansion process.

**Community Engagement**
SAC members will represent a broad range of community interests including, but not limited to, ICURA and OCC URA advisory committees, sustainability, architectural preservation, urban planning and design, arts and entertainment, and inner eastside businesses. The SAC, chaired by Mayor Adams, will confirm the vision for Rose Quarter development based on previous planning efforts, recommend criteria for evaluating proposals for the renovation or adaptive reuse of the Memorial Coliseum, and provide feedback on the Rose Quarter Development Strategy.

A project website will launch in early fall 2009 to inform the public and gather feedback throughout the Project process in addition to public meetings and forums. Social networking media such as Facebook, Twitter, and YouTube will engage a broader audience, particularly a younger audience. Periodic Project briefings will be provided at the ICURA and OCC URA Advisory Committee meetings and at the N/NE Study Advisory Committee meeting.

Future of the Memorial Coliseum

The goal of the Memorial Coliseum future process is to select an economically sustainable renovation or adaptive reuse proposal that can be integrated with the PAM Development Strategy and implemented as part of future Rose Quarter development led by PAM. Because of significant community interest in saving the Memorial Coliseum building, PDC will lead a process to gather ideas for renovation or adaptive reuse of the Coliseum through electronic media and public forums. A short list of ideas will be developed based on evaluation criteria and in coordination with the SAC, PDC Board, and City Council. Proposals will be requested for the short listed ideas and City Council will make the final determination on the future reuse of the Coliseum since the building is a City asset. Reuse of the Coliseum may be determined in part by the building’s landmark status. The City has received notification from the State Historic Preservation Office (letter dated July 17, 2009) that the State Advisory Committee on Historic Preservation has reviewed and approved a nomination of the Memorial Coliseum building for the National Register of Historic Places.

Development Strategy

PAM will finance preparation of a Development Strategy for the Rose Quarter area (with a potential northerly expansion to fully activate the Broadway corridor) that will include a Site Plan, Development Program, Phasing Plan, Market Analysis, Veteran Memorial (or alternate proposal), Access and Circulation Diagram, Transportation and Access Improvements, and a Financial Analysis (including development pro forma and operations pro forma). PAM will be responsible for future implementation of the Strategy, with the possible exception of the Memorial Coliseum which may be renovated by others.
Compliance with Key Plans and Policies

- The Project is consistent with the goals and objectives of the OCC Urban Renewal Plan. The plan seeks to “improve the condition and appearance of the urban renewal area…and stimulate private investment and economic growth.” The Project will create opportunities for businesses to expand and service the convention trade (Goal 3) as well as provide physical improvements to a highly visible portion of the urban renewal area that will help support the expansion of tourism and business recruitment to Oregon (Goal 5).
- The Project is envisioned to build on key principles of the Rose Quarter Urban Design Plan and Development Strategy (June 2001)—accepted by the Portland City Council (October 31, 2001).
- The Project is consistent with the objectives of the recently released Portland Economic Development Strategy with the creation of green jobs and showcasing of Portland’s leading edge sustainability practices.

ATTACHMENTS:

A. Rose Quarter Area Map
B. Draft Project Process Diagram