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Summary

To solve the growing debacle surrounding PGE Park, the City of Portland should sell the stadium and property beneath it and apply the proceeds to an actual core government function or pressing city obligation. For example, the money could be used to help retire the more than \$1 billion in unfunded police and firemen's pension liability.

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Don't buy the Beavers, sell the stadium

By Michael L. Barton

Portland Mayor Vera Katz recently put her finger on the solution to the growing debacle involving PGE Park. She said, “This is a problem that . . . has to be solved by the private sector.”

In 1999 the city council sought proposals to renovate and operate aging Civic Stadium and, in a move now widely seen as lacking even the most minimal oversight, awarded the contract to Portland Family Entertainment (PFE), a group of local heavy hitter investors and civic leaders. The city would pay \$33 million toward a \$40 million renovation and PFE would buy the Portland Beavers and Portland Timbers and operate the renamed PGE Park. PFE in turn hired Marshall Glickman and Mark Gardiner to manage the facility. Both sides talked glowingly of the profits they expected; PFE forecast \$2.7 million a year to start.

Three years later the managers are fired, PFE is in default on its payments and the city is left with the reality that it owns a stadium for which no viable financial plan exists except to throw good money after bad. Some local officials are talking about buying PFE and/or the Beavers baseball team as a way out of this situation.

Here is a better idea: sell the stadium to the highest bidder and use the proceeds to pay for an actual pressing obligation of the city. For example, the proceeds could be used to help retire the more than \$1 billion in unfunded police and firemen's pension liability.

How did the city come to own a sports stadium anyway? The answer dates back to the 1960s when several proposals to build sports facilities were floated, and shot down by voters and legislators. Oregon voters twice rejected \$25 million bond issues to build a domed stadium in Delta Park, and legislation to allow counties (e.g. the three metro area counties) to build and operate a stadium was introduced in 1965 but failed. Meanwhile, the Multnomah Athletic Club (MAC) decided to sell Multnomah Stadium. The club built the 24,000 seat stadium in 1926 but had been losing money on it for several years.

Several downtown property owners launched a “Save our Stadium” movement and the Portland City Council authorized a ballot measure for \$2.5 million in

bonds to buy the stadium and spend \$400,000 on maintenance and improvements. (To show how little things have changed, the \$2.1 million purchase price was nearly twice the city Planning Commission's appraisal of \$1,077,000.) The 1966 bond measure passed with 55 percent of the vote and the city bought and renamed the stadium.

Portland and its taxpayers now face a clear choice. Civic Stadium is an asset that sits on 7.09 acres surrounded by expensive real estate. The city can keep the stadium and continue throwing taxpayer money at it, or sell it as an asset not connected with core city services and use the proceeds to provide some relief for the tasks the city does need to do.

On average, fewer than 5,000 people per game bought tickets to watch the Beavers last season. They and other stadium event attendees might argue that with no alternative facility Portland will lose these events. Maybe—or owners of a prospective major league team might buy the stadium as an interim facility. In any case, to paraphrase the mayor, this is for the private sector to solve. Either sufficient consumer demand exists to support the facility, or it does not. If demand exists, private investors risking their money will buy the stadium and operate it as such. If not, the stadium and property should be sold for another use. Every Portland area taxpayer should not be forced to subsidize 5,000 baseball fans.

There are two compelling reasons why the stadium might well be maintained as a private sports facility. First, \$40 million has been sunk into the property and it is already set up as a stadium. A would-be commercial buyer would be faced with demolishing this structure to get to bare land. Second, the sales agreement between the city and the MAC gives the club the right of first refusal on any sale. MAC General Manager Steve Tidrick has affirmed that the club would much prefer to see a stadium remain on the property.

What happens to the stadium after it is sold will be decided neither by politicians nor well-connected local groups making sweetheart deals. Rather, what happens to the site will be determined by people risking their own money instead of ours.

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