



[Home](#) / [Council Clerk](#) / [Council Documents](#) / [Ordinance](#)

191857

Emergency Ordinance

***Authorize new Arena Operating Lease, Exclusive Site Agreement, and amend related agreements with Rip City Management, LLC and Trail Blazers, Inc. for the operation of the Moda Center Arena and related facilities (amend Contract 28356)**

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Rose Quarter is the premiere event complex in Oregon, encompassing the Moda Center and the Veterans Memorial Coliseum, hosting over 260 events and attracting more than 1.7 million people to Portland’s Central City each year.
2. The Portland Trail Blazers of the National Basketball Association (NBA) have been a City treasure since 1970, providing civic pride, identity, joy, and meaningful economic activity to the City of Portland, metropolitan region, and state of Oregon.
3. The City of Portland and Oregon Arena Corporation entered into multiple foundational agreements in the early 1990s leading to the development of the Rose Quarter including: privately-funded construction of the Rose Garden Arena (now Moda Center), an entertainment/office building and two parking structures, and publicly-funded development of two additional parking structures, a public plaza, several new streets and other necessary infrastructure.
4. Rip City Management, LLC is the successor entity to Oregon Arena Corporation and operates both the Moda Center and the Veterans Memorial Coliseum today.
5. The Arena Ground Lease became effective when the new arena opened on October 12, 1995 for a term of 30 years and will terminate, unless extended, on October 11, 2025.
6. The combined economic impact of Rose Quarter events is estimated at over \$600 million in annual economic output each year, supporting nearly 6,000 jobs with a majority of this output linked directly to Portland Trail Blazers games.

Introduced by

[Mayor Ted Wheeler](#)

Contact

Karl Lisle

Spectator Venues Program
Manager

✉ karl.lisle@portlandoregon.gov

☎ [503-823-5876](tel:503-823-5876)

Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date
August 7, 2024
Requested Start Time
2:00 pm
Time Requested
1 hour (1 of 2)

7. It is critically important to Portland, the metropolitan region, and the state of Oregon that the successful operation of the arenas at the Rose Quarter continues, and the Moda Center remains the home court for the Portland Trail Blazers.
8. The Moda Center is nearing thirty years old, is the oldest NBA arena yet to undergo a comprehensive renovation and will need significant reinvestment to remain competitive in the league and continue serving as the home of the Portland Trail Blazers well into the future.
9. The City and Rip City Management LLC have been working in good faith to develop the framework for a long-term agreement that would fund a major renovation of the Moda Center and keep the team in Portland for 20 or more years.
10. Rip City Management, LLC intends to seek public funding from sources in addition to the City to provide the public financial support necessary for a long-term agreement and needed major renovation.
11. It is in the best interest of the City to enter into a five-year bridge agreement with a possible five-year extension that will transfer the Moda Center arena into public ownership, allow the City to reinvest certain revenues generated by Portland Trail Blazers home games into sustaining improvements to the arena, provide time for the parties to secure additional commitments necessary for a long-term agreement and major renovation, and ensure that Oregon's favorite basketball team plays at Moda Center until at least 2030.
12. Resolution No. 37654, approved by the City Council on February 28, 2024 approved the general the terms of this arrangement and instructed City staff to work with Rip City Management to develop the definitive documents and necessary amendments to related documents that are attached to this ordinance as Exhibits A through G.
13. The new Arena Operating Lease includes a provision to be extended to ten years, which, if executed, will terminate on October 11, 2035 and is attached at Exhibit A to this ordinance.
14. All City sustaining investments into Moda Center during the term of the Arena Operating Lease will be matched equally by Rip City Management LLC.
15. All resources necessary for the City to meet anticipated Moda Center capital funding obligations during the bridge agreement will come from revenue generated by Portland Trail Blazers home games and paid into the Spectator Venues and Visitor Activities Fund.
16. The City proposes to enter into a Purchase and Sale Agreement, an Arena Operating Lease and other related amended agreements to, among other things, reinvest certain revenues generated by Portland Trail Blazers home games into sustaining improvements to the arena in furtherance of future capital renovations to the arena. As part of the Arena Operating Lease, the City also proposes to outline the terms and conditions with Rip City Management to operate the arena and other areas on the Rose Quarter Campus including the public parking facilities. The current Arena Ground Lease and Public Parking Facilities Management Agreement are held by Rip City Management

- and Rip City Management is agreeable to termination of the Arena Ground Lease and adoption of the new Arena Operating Lease.
17. The City Council is the Local Contract Review Board with authority to exempt certain contracts from the competitive bidding requirements of Oregon state law and City Code.
 18. The provisions of the Arena Operating Lease and related agreements awarding Rip City Management the management of improvements, repair and capital improvement projects at the arena should be exempted from competition requirements of state law and City Code on a sole-source basis because Rip City Management and the Portland Trail Blazers, Inc. are related affiliate entities which operate under common management, and together they are the only entity that holds the NBA franchise. In addition, Rip City Management is the only entity that is able to invest directly into improvement, repair and capital improvement costs and actively seek additional funds for a major renovation of the facility. To the City's knowledge, no other entity exists that is willing to split improvement, repair and capital improvement costs with the City and Rip City Management's investment and project management will result in substantial cost savings and other substantial benefits to the public.
 19. The award of the Arena Operating Lease and related agreements to Rip City Management as operator of the arena and public parking facilities should be exempted from competition requirements of state law and City Code on a sole-source basis because Rip City Management and the Portland Trail Blazers, Inc. are related affiliate entities which operate under common management, and together they are the only entity that holds the NBA franchise. In addition, Rip City Management would not be interested in contributing toward capital improvement costs if it could not also operate the Moda Center and its parking garages. Rip City Management is the only entity other than the City that will incur costs related to improvements, repairs, and capital improvements at the arena. To the City's knowledge, no other entity exists that is willing to share these costs with the City and Rip City Management's investment and project management at the arena will result in substantial cost savings and other substantial benefits to the public.

NOW, THEREFORE, the Council directs:

- A. The Council adopts the findings set forth above.
- B. Based on the findings above, the Arena Operating Lease, Restated Public Parking Facilities Management Agreement, and all other operating provisions are exempt from competition as a sole source contract under state law and City Code.
- C. The Mayor or City Administrator is authorized to execute Exhibit A through Exhibit G and any other documents necessary to complete the transaction on behalf of the City in substantially similar form to

those attached to this ordinance. All documents must be approved as to form by the City Attorney prior to execution.

- D. The City Administrator is authorized to act on behalf of the City and approve amendments to these agreements provided the amendments do not substantially alter the City's financial obligations.

Section 2. The Council declares that an emergency exists because of requirements to receive approval of the transaction from the NBA, the rapidly approaching notification date to extend the current Arena Ground Lease, and time is of the essence to complete the transaction; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Exhibits and Attachments

 [Exhibit A](#) 2.1 MB

 [Exhibit B](#) 697.5 KB

 [Exhibit C](#) 706.29 KB

 [Exhibit D](#) 681.72 KB

 [Exhibit E](#) 2.07 MB

 [Exhibit F](#) 914.56 KB

 [Exhibit G](#) 680.55 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council

August 7, 2024

Auditor of the City of Portland

Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This ordinance approves the binding legal documents necessary to implement the Arena Operating Lease and associated agreements. The general business terms reflected in these documents were agreed to by the City with the approval of the non-binding Term Sheet for a bridge lease agreement via Resolution No. 37654 on February 28, 2024. The legal documents approved by this ordinance will implement the terms of the bridge agreement Term Sheet and are attached to the ordinance as

Exhibits A through G. The Term Sheet resolution was non-binding, but the documents proposed for approval via this ordinance are binding contracts between the City, Rip City Management, LLC, and Trail Blazers, Inc. These legal documents are the result of several months of due diligence and negotiations between the parties on technical issues.

Rip City Management is the sister company to the Portland Trail Blazers that operates the Moda Center and the Veterans Memorial Coliseum. Both Rip City Management and the Portland Trail Blazers are currently owned by the estate of Paul G. Allen. The City, Rip City Management, and the Portland Trail Blazers desire to enter into a longer-term agreement that would keep the team playing in a fully renovated Moda Center arena for 20 or more years. However, negotiating a long-term agreement will require coordination with additional parties and necessitate additional time. Because the current suite of agreements expires in October 2025, and there is a one-year advance notice requirement to execute an extension of the existing agreements, the City and Rip City Management desire to enter into a five-year bridge agreement that will keep the team playing at the Moda Center until at least 2030 and allow public and private sustaining investments into the facility.

The proposed Arena Operating Lease and associated documents, if approved by City Council via this ordinance and a companion ordinance to authorize City acquisition of the Moda Center, will have several key implications:

- The Portland Trail Blazers will be contractually obligated to play home games in Moda Center through October 11, 2030, with an option to extend the agreements to October 11, 2035. The current agreements requiring the team to play at Moda Center are set to expire on October 11, 2025. This bridge agreement represents a minimum 5-year extension of that commitment.
- If the franchise is sold during the term of the new Arena Operating Lease, the contractual requirements of the Lease and related agreements will transfer to the new ownership.
- Ownership of the Moda Center will be transferred to the City of Portland for \$1. This will allow public investment into the arena both during the bridge term and potentially under the terms of a subsequent longer-term agreement desired by the parties.
- The City will purchase a parcel of land under a portion of the Moda Center known as the Kosei Parcel and currently owned by Rip City Management for \$7,130,000. This purchase is necessary to allow City ownership of the arena. The sale price is based on fair market value of vacant land, was informed by independent appraisals, and was negotiated by the parties according to the process established in the expiring Arena Ground Lease.
- During the term of the Arena Operating Lease, the City will match investments into capital improvements at Moda Center made by Rip City Management, according to a mutually agreed upon Capital Expenditures Plan. The amount of the City's annual investment into

capital projects at the Moda Center is limited to the actual revenues received from Portland Trail Blazers games through ticket user fees and parking revenues during the prior fiscal year. No City revenues from other sources will be spent on Moda Center capital projects. All capital costs at the Moda Center beyond the City's limited contribution are the responsibility of Rip City Management.

- Rip City Management will retain all operational rights and responsibilities regarding Moda Center that exist under the expiring agreements.

Financial and Budgetary Impacts

The economic activity to the region and state of the Rose Quarter event campus is estimated at over \$600 million in annual economic impact including nearly 6,000 full and part time jobs, and total labor income of over \$290 million. Roughly 75% of this economic activity is attributable to the Portland Trail Blazers and 25% to other activities at the Rose Quarter arenas. The greater economic impact of keeping the team at the Moda Center for the long term is important to the long-term economy of the City, region, and state.

The Arena Operating Lease and related documents commit the City to the following new expenditures between now and 2030:

- Beginning in FY 2025-26, the City will match annual capital investments at the Moda Center made by Rip City Management. The amount of the City's annual investment into capital projects at the Moda Center is limited to the actual City revenues received through ticket user fees and parking charges from Portland Trail Blazers home games during the prior fiscal year. The City retains all parking and user fee revenues from other events. This amount will vary depending on team performance and other factors. For reference, in Fiscal Year 2022-23, the City collected approximately \$4.6 million in user fees (sometimes referred to as ticket taxes) and parking fees from Portland Trail Blazer home games. During the bridge agreement term, Rip City Management must match the City's contribution 1:1 to obtain the City's funding. If Rip City Management maximizes this funding opportunity, it can be estimated that the parties will split annual investments into the publicly owned Moda Center of \$9+ million each year of the bridge agreement. All other capital investments in the building remain the responsibility of Rip City Management.

The related Purchase and Sale Agreement, which allows City acquisition of the Moda Center Arena and a parcel of associated land from Rip City Management is addressed in a separate ordinance to be co-presented with this item.

Funding for these commitments will come from the City's Spectator Venues and Visitor Activities Fund. Current reserves and projected future resources of the Fund are sufficient to allow the property purchase and the

annual contribution to capital projects at Moda Center while still meeting other financial obligations at the Rose Quarter and Providence Park Stadium and maintaining adequate reserve levels.

Community Impacts and Community Involvement

The Portland Trail Blazers and Moda Center are important community assets hosting hundreds of events every year with an attendance of approximately 1.7 million people. The Portland Trail Blazers are a source of civic pride and a unifying force for many Portlanders. The economic, social, and cultural benefit of the team continuing to play at the Moda Center is profound.

Portland Trail Blazers have a long history of giving back to Portland and Oregon. Since 2009, the Trail Blazers Foundation has donated more than \$9 million to local communities. The Team is dedicated to philanthropic efforts with particular focus on racial equity, environmental and educational initiatives.

Agreement negotiations between the City and Rip City Management have been subject to a non-disclosure agreement and have not involved the public. While no specific community outreach is planned, members of the public had an opportunity to submit testimony at the February 28, 2024 City Council hearing on the Term Sheet, and again at the hearing when City Council will consider approval of this ordinance.

There is no known opposition to the Arena Operating Lease and associated agreements.

100% Renewable Goal

Rip City management has led the nation with efforts to improve the environmental performance of the Moda Center and Veterans Memorial Coliseum. The Moda Center was the first major arena in the country to achieve LEED (Leadership in Energy and Environmental Design) Platinum status, and recently the Veterans Memorial Coliseum was awarded LEED Gold status, no small feat for a 63-year-old building.

This action approves a five-year Arena Operating Agreement that would allow continued operation of the Rose Quarter arenas by current operator, Rip City Management as well as ensure that the Portland Trail Blazers continue to play their home games at the Moda Center through at least 2030. Energy use at the Rose Quarter is not anticipated to change significantly as a result of this action.

Document History

Item 713 Time Certain in [August 7, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/8/7)
(<https://www.portland.gov/council/agenda/2024/8/7>)

City Council

Passed

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea