Community and Economic Development
Donnie Oliveira, Deputy City Administrator

To: Donnie Oliveira, Deputy City Administrator, Community and Economic Development Service Area, City of Portland

Fr: Karl Lisle, Spectator Venues Program Manager, City of Portland

Re: Analysis: Moda Center Facility Condition Assessment with Current Operations Compared with Potential Alternative Scenario of Ongoing Operations Without NBA

INTRODUCTION AND BACKGROUND

Moda Center opened in 1995 as the Rose Garden Arena with a seating capacity of 19,000. The $267 million arena was privately funded and owned but built on City-owned land under the terms of a 30-year ground lease. At the end of the initial ground lease term (2025), unless extended, ownership of the arena would revert to the City. The City agreed to take ownership of the arena one year early as part of a negotiated 5-year extension to the lease agreements with the Blazers. Before the City approved acquisition of Moda Center in August 2024, a facility condition assessment (FCA) was performed for the City by Venue Solutions Group.

The key takeaway from the FCA is that Moda Center has been well maintained compared with similarly sized arenas of its age, but many building systems are nearing end-of-life and will need replacement/renovation to continue operating in a first-class standard for 20+ years.

The FCA examined the facility across seven categories:

1) Architecture & Interiors;
2) Mechanical, Electrical, Plumbing & Fire Protection;
3) Structure;
4) Technology;
5) Vertical Transportation;
6) Roof & Envelope; and
7) Food & Beverage and Retail.

The FCA outlines recommendations of high, medium, and low priority items that should be addressed over the next 20 years. If routinely addressed, this would ensure Moda continues to be well maintained and operates at the highest possible level continuing to host all current events.

It is critically important to note that the FCA looks only at what investments would be necessary to maintain the building in its current configuration in good working order for 20 years. It does not contemplate the transformative renovation that is being proposed publicly by the Blazers. Our understanding of the Blazers' vision of a major renovation of the arena includes many enhancements and expansions of the building that are not reflected in the costs estimated by the FCA. These more transformational projects are necessary to achieve a truly state-of-the-art facility and secure a long-term commitment from the Blazers. Doing only the projects identified in the FCA will ensure the arena is fully functional, but it will not necessarily be state-of-the-art. And over time, it may not be able to accommodate all concerts or shows as the industry evolves. Because of this distinction, it is not appropriate to directly compare FCA cost estimates with the potential cost of the proposed major renovation. Many FCA items would presumably be done during a major renovation, but not all. Some would be done over the 20-year period following the major renovation.

If Moda Center were to be upgraded and renovated based on current operations, the 2024 FCA recommended approximately $505 million in capital investments over 20 years (see Table 1).

Table 1. ***Summary of FCA Recommended Capital Investments into Moda over the next 20 years*** *(assumes all current building systems are repaired and/or renovated to remain operational).*

	Years 1-5	Years 6 -10	Years 11-15	Years 16-20	Totals
Architecture & Interiors	$135,622,642	$ 996,579	$ 45,867,826	$ 110,979,162	$ 293,466,208
MEP & Fire Protection	$ 34,706,854	$ 17,201,173	$ 4,320,189	$ 18,529,294	$ 74,757,511
Structure	$ 6,211,319	$ 430,427	$ 1,013,691	$ 684,073	$ 8,339,510
Technology	$ 30,943,066	$ 4,685,554	$ 32,164,599	$ 7,915,278	$ 75,708,497
Vertical Transportation	$ 11,485,955	$ -	$ -	$ -	$ 11,485,955
Roof & Envelope	$ -	$ 272,385	$ 4,442,863	$ -	$ 4,715,248
Food & Beverage and Retail	$ 4,374,637	$ 9,498,712	$ 13,434,795	$ 9,096,849	$ 36,404,993
Totals	$223,344,473	$ 33,084,829	$ 101,243,963	$ 147,204,656	$ 504,877,921

The costs above include two projects that would not need to be done to continue current operations in the near term:

- MEP: $9 million for restoration of the decommissioned ice floor and ice plant, which would not be required to continue hosting all current events. The ice floor has been decommissioned for several years, and all ice-dependent events are now held at the Veterans Memorial Coliseum.
- Technology: cost estimates above include $14 million for replacement of the scoreboard and endzone videoboards. That project was completed in 2025 and would not need to be done again in the near term.

Removing these items results in a total estimated capital cost over 20 years to sustain current operations and events of ~$482 million.

ALTERNATIVE SCENARIO: ONGOING OPERATIONS WITHOUT NBA GAMES

Most of the items included in the FCA 20-year cost estimates are related to critical building systems that are required to keep the arena operating for any events. However, there are a few items that may be considered specific to the needs of the Portland Trail Blazers, or professional basketball generally. Note that the presence of the new WNBA franchise Portland Fire makes this analysis more complicated as it is not known what Blazers-related items would be required in a WNBA, but no NBA scenario. For the purposes of this analysis, items that can be linked to NBA needs are removed. These include:

1) Locker room upgrades.
2) Team store upgrades.
3) Blazers' family room.
4) Blazers' media room.
5) Blazers' visiting press.
6) Courtside club.
7) Upgrades for sports lighting and controls.
8) Broadcast cabling, production suite for broadcast core equipment, production suite for low post control room.
9) Production suite studio for broadcasting.
10) New retail equipment.

Removing these items as well as the ice floor, ice plant, and the center hung videoboard and endzone videoboard items produces a revised 20-year capital investment plan totaling ~$402 million. See Table 2 below.

Table 2. ***Summary of FCA Recommended Capital Investments into Moda over the next 20 years*** *(removes projects listed above as tied to NBA games as well as ice floor, ice plant and the recently replaced center hung videoboard and endzone videoboards).*

	Years 1-5	Years 6 -10	Years 11-15	Years 16-20	Totals
Architecture & Interiors	$ 112,153,571	$ 996,579	$ 34,317,448	$ 88,455,665	$ 235,923,262
MEP & Fire Protection	$ 34,706,854	$ 8,049,328	$ 4,320,189	$ 14,723,335	$ 61,799,706
Structure	$ 6,211,319	$ 430,427	$ 1,013,691	$ 684,073	$ 8,339,510
Technology	$ 16,816,615	$ 4,685,554	$ 16,158,341	$ 5,955,209	$ 43,615,719
Vertical Transportation	$ 11,485,955	$ -	$ -	$ -	$ 11,485,955
Roof & Envelope	$ -	$ 272,385	$ 4,442,863	$ -	$ 4,715,248
Food & Beverage and Retail	$ 4,374,637	$ 9,498,712	$ 13,434,795	$ 9,096,849	$ 36,404,993
Totals	$ 185,748,951	$ 23,932,983	$ 73,687,328	$ 118,915,131	$ 402,284,393

In the no-NBA scenario, Moda Center will continue to host the WNBA and likely college basketball games and tournaments as well as potentially other sports events. It is unknown how many of the Blazers'-related investments removed in this estimate would be needed to continue hosting these other events. **It is reasonable to assume some of these investments would be needed to sustain these non-NBA basketball events resulting in less cost savings.**

FIRST CLASS VENUE REQUIREMENT

Under the prior Arena Ground Lease (AGL), Rip City Management (RCM) was obligated to improve the Moda Center over time. Specifically, RCM was required to "develop, operate, and maintain [Moda Center] as first-class improvements in accordance with then prevailing standards for similar properties of equivalent age, in good operating order and condition." AGL § 10.2.

This provision was continued in the 5-year extension "Bridge Agreement" in 2024 as the parties agreed to continue it in the Arena Operating Lease. See, AOL Sec. 10.2 "[i]n furtherance thereof, Tenant acknowledges that it remains subject to the "first-class" obligations which is and remains a continuing obligation ..." Rip City Rising assumed all these obligations at closing of the transaction in March of 2026.

The City has successfully enforced this provision, ensuring the ongoing obligation to improve Moda Center remains effective despite bankruptcy claims brought by RCM's predecessor in interest (Portland Arena Management) in the early 2000s.

Due to this provision, the City potentially may be able to recuperate some of the FCA's deferred maintenance costs if the NBA team were to leave the Moda Center though we have not identified what categories those would include.

CHANGE IN OPERATOR

In a scenario in which the NBA team is no longer playing at Moda Center, there will be a change in operator at the arena. The process of retaining a new operator introduces significant risk as well as opportunities to negotiate cost responsibilities for upkeep of the arena. While it is likely the City would continue to bear responsibility for many needed investments identified in the FCA, it is also possible a new third-party operator may be willing to contribute to some capital costs in exchange for a long-term operating lease.

CONCLUSION

The 2024 Moda Center FCA provided a blueprint for capital investments totaling $505 million at the arena over a 20-year period. Removing unnecessary projects and those completed since 2024 generates a revised capital expenditure over 20 years of $482 million.

Removing projects identified in the FCA that can be linked to Blazers' activity reduces the 20-year capital expenditure to $402 million, a reduction of $80 million. However, it is unknown how many of those Blazers' projects would still be necessary to continue hosting WNBA and NCAA basketball at the arena.

These capital cost estimates reflect the investment needed to keep Moda Center operating in its current state and configuration for 20+ years. They should not be confused with the cost of the major renovation proposed by the Blazers as that project would include a variety of enhancements not contemplated in the FCA. Over time, it is possible that implementation of the projects in the FCA without the additional projects proposed in the major renovation would result in an arena unable to attract or accommodate future shows with evolving technical needs and expectations.