

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Civic Stadium

Meeting Date: October 16, 2013
Department: Central Services
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Agenda Item Number: B
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ISSUE STATEMENT

On September 25, the City Council directed the City Manager “to prepare for Council’s consideration a plan for the City of Eugene to acquire the Civic Stadium property from 4-J School District via land swaps; purchase; lease-to-buy; a combination of these; or any other means the city manager deems feasible. If Council approves any such plan, the proposal shall be submitted to 4-J in the School District’s RFP process, in which proposals are currently due by Dec. 3, 2013.”

The purpose of this work session is to review the information and options that the City Manager has developed in response to the September 25 motion and to decide whether the council wants to direct the City Manager to submit one of the options to 4-J as part of the RFP process.

BACKGROUND AND HISTORY

The City of Eugene and School District 4J have a long history with Civic Stadium that dates back to 1938. Together with the community, funds were raised to build a shared athletic facility that remained in active use through 2009. In 2002, the school district determined the property was no longer needed for educational purposes and declared it as surplus property. In 2009, the Eugene Emeralds made a decision to move their operations to the newly constructed PK Park at the University of Oregon and in 2010, 4J released a request for proposals for the sale, long-term lease or trade of the property.

In response to the RFP, 4J received three proposals that outlined cash and lease offers for the property. The details of their offers are provided in Attachment A. In summary, both the YMCA and Powell/Master development provided cash offers of \$3,523,000 and \$4,750,00 respectively. The Save Civic Stadium proposal did not provide a cash offer. All three proposals provided lease offers that ranged from \$5.5 to \$7.2 million in revenue over a 20-year term. After careful consideration, the school board did not accept any of the offers. The board members who voted to decline the proposals cited the importance of the neighborhood impact, community impact, financial viability, traffic issues and other factors.

In the fall of 2012, the school district began a community conversation about how to prioritize their financial and space needs and when to replace or renovate buildings that no longer serve their students well. All 4J facilities, including reserve and surplus properties such as Civic Stadium, were included in these discussions about long-range facilities planning. A consultant proposed building a new Roosevelt Middle School at the Civic Stadium site; however, that proposal was declined after public input and board discussion. Roosevelt will be rebuilt on its current site.

SITE INFORMATION

The property consists of three tax lots, totaling approximately 10 acres. An aerial photo of the site is included in Attachment B along with a tax lot map which shows the individual parcels as they currently exist today. The three tax lots are generally referred to as the Stadium Lot (9.33 ac) and the two North lots (.49 and .19 ac).

The field and grandstands are located on the stadium lot and have been inspected and monitored a number of times for the purposes of determining both safety and renovation requirements. In 2009, 4J requested assistance from the City of Eugene in conducting an inspection and report on the current condition of the stadium. That report is included as Attachment C and includes general observations, code citations and photo documentation of the existing conditions in 2009. Members of the Eugene Chamber of Commerce conducted an additional walk-through and provided a high level cost estimate (Attachment D) for restoring the facility to a level that would support minor league baseball. The Eugene Chamber shares a long history with the stadium as they were the original private fundraiser for the initial construction of the stadium in 1938.

The 2009 report identifies the long-term capital costs needed for the stadium and field. The long-term investment was projected at approximately \$10 million. While this is the most recent information available from 4J on potential costs, their 2010 findings of fact noted that “there does appear to be a more recent acceleration of decline as the stadium edges closer to the end of its useful life (as defined by cost to replace versus cost to repair and the resulting projected lifespan for each).” It is likely that the additional three years of exposure have resulted in more decline and potentially higher costs for restoring or renovating the structure and/or field.

There are additional items to be noted on the site beyond the grandstand and field. In the 4J RFP documents they call attention to a few items that are either part of the “as is” condition of sale or something to be resolved through the process. The most significant of those appears to be related to access and properties to the west of the site. The RFP states that “for decades, a number of properties to the west have taken access across the stadium parcel along the Oak Street alignment, projected south from the intersection with 20th Avenue. There is no record of any grant of any access easement, and School District (SD)4J is without knowledge or information sufficient to form a belief as to whether at any time any neighboring owner had permission from the school district, either expressed or implied.”

RFP PROCESS

4J issued a new request for proposals (RFP) on October 4, 2013, with a deadline for responses set for December 3, 2013, at 2:00 p.m. The full RFP is included as Attachment E. For the purposes of the initial City Council discussion, a few of the highlights include:

- The Proposer may submit a proposal for acquiring the North Lots only, the Stadium Parcel only, or the Combined Properties.
- The Proposer may submit a proposal for ground lease, or trade of properties, as an alternative to outright purchase. Board reserves the right to give preference to proposals for acquisition of the Combined Properties and to proposals for outright purchase or ground lease, as opposed to trade of property.
- A non-mandatory property site inspection is scheduled for Tuesday, October 15, at 10:00 a.m. Proposers are encouraged to inspect the property.
- Proposals will be scored on a 100 point scale. Categories include revenue (50), additional benefits to 4J (20), community benefit of proposed use (20) and preservation of grandstands for continued use (10). The RFP also requests a description of the proposal and a proposer’s qualifications and

experience, but does not allocate points to those areas.

The process suggests that the screening committee will narrow the RFP's to a group of no more than three considered the "competitive range" that will be forwarded for further evaluation by the superintendent and board. In the RFP, the primary goal of School District 4J "is to dispose of the Property for the highest possible revenue. To the extent that it does not materially and adversely affect the primary goal, SD 4J also has the following secondary goals:

To the extent not inconsistent with SD 4J's primary goal, SD 4J would like to transfer the property to a Proposer that submits a proposal that provides other (non-monetary) benefit to SD 4J, provides community benefit, is compatible with the surrounding neighborhood and proximity to South Eugene High School, and that potentially preserves the Civic Stadium grandstands for continued use by the Proposer."

ACQUISITION OPTIONS

As stated in the RFP, 4J will consider offers for purchase, trade or lease of some or all of the properties.

Purchase – In 2010, offers of \$3.5 million to \$4.75 were made for the purchase of the entire site. If the council wanted to acquire the entire site, both an amount and funding source would need to be determined.

Park Bond Funds - In previous communications, one source of funding that was discussed for consideration was the Parks and Open Space Bond funds. The 2006 parks bond measure authorized up to approximately \$27.5 million in bonds. Of that amount, staff estimates that approximately \$4 to \$5 million has not been spent or planned for in negotiations for a future purchase (Attachment F). The city attorney has advised that the bond funds could legally be used to purchase Civic Stadium, but only if the property is then used as a public park.

There are several issues the council may want to consider in deciding whether to direct the City Manager to submit to 4J an offer to purchase Civic Stadium using the parks bond funds.

- First, would the use of the bond funds be consistent with the voter's intent in approving the bond measure? Attachment G is a copy of the resolution the council passed referring that bond measure to the voters, the ballot title for that measure, and the neutral information the City provided to the voters before the election.
- Second, use of the park bond funds for this purpose could preclude alternative uses and community and council priorities as outlined in Attachment F.
- And third, although the bond funds could lawfully be used to **purchase** the property, those funds could not be used to either renovate Civic or to pay for the potential on-going "mothball" or maintenance costs.

Existing City Funds – The City Council could also choose to utilize existing General Fund reserves for the purchase of the property. Possible sources would include the reserve for revenue shortfall (\$4.9 million) or the facility reserve (\$7.9 million). The facility reserve is currently dedicated for the replacement of City Hall and the reserve for revenue shortfall is at 3.8 percent, well below the target level of 8 percent of expenditures.

New Funds – Another option the council could consider is asking the voters, through a new bond, to fund the purchase and/or renovation of the property and grandstand. At the earliest, this option could be placed on the May 2014 ballot. If the council chooses to pursue this option, a strategy would need to be identified to respond to the RFP requirements by the December deadline.

Lease - Park bond funds cannot be used to lease property. State law limits what general obligation bonds can pay for, and leasing property is not one of the authorized uses. Therefore, if the council chose this option, general fund dollars would need to be allocated for this purpose. To be competitive (in the RFP process), any offer would need to be for a long-term lease, thereby requiring a long-term commitment of general fund dollars. In 2010, the lease payments offered by the three respondents ranged from \$70,000 to \$330,000 annually with the \$70,000 offer increasing to \$300,000 in year three.

Trade - In order for a land trade to work, the City would need to own a parcel of land that would be beneficial to 4J for future school use or possible sale. The City does not have any surplus property that would meet the needs of 4J, so we would need to identify existing park and open space land that could be considered. This could be challenging, if not impossible, to identify prior to the RFP deadline of December 3. For example, Striker Field was mentioned as a possibility since that parkland is adjacent to undeveloped property that 4J currently owns. The council recently considered whether Striker Field should be slated to be a neighborhood park and may want to consider neighborhood involvement before proposing a possible trade with 4J. Staff has had initial conversations with 4J regarding Striker Field and do not believe this property would be a priority for the district.

FINANCIAL CONSIDERATIONS

For each of the acquisition options, the preliminary financial issues to consider include:

- 1) Acquisition costs - In 2010, the purchase offers for the site ranged from approximately \$3.5 to \$4.75 million.
- 2) Renovation costs - In 2009, the Chamber's trade member analysis projected a needed capital investment of \$10 million to restore the stadium to minor league baseball standards. Given the additional four years of decline, staff considers this to be a conservative estimate.
- 3) Holding costs - Staff has not yet conducted a walk-through or inspection of the site to determine the minimum ongoing maintenance costs associated with owning the 10-acre site.
- 4) Cost recovery - Currently, staff knows of two potential proposals (Attachments H and I) that anticipate saving the stadium. While both of those anticipate fundraising and revenue to operate the facility, it is unlikely that either would be able to reimburse the up to approximately \$15 million that would be needed to purchase and/or restore the stadium to an operational capacity.

COUNCIL OPTIONS

- 1) Direct City Manager to bring back additional details and possible deal points for one or more of the acquisition options identified above.
- 2) Take no further action.

ATTACHMENTS

- A. 2010 RFP Proposal Comparison
- B. Aerial Photo and Taxlots
- C. 2009 Building Inspection Report
- D. 2009 Civic Stadium Needs Projection
- E. 2013 Request For Proposals
- F. Parks and Open Space Staff Memo
- G. 2006 Parks Bond Information
- H. Friends of Civic Stadium Proposal
- I. United Stadium Group Proposal

FOR MORE INFORMATION

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