

THE BOND BUYER

Portland, ME, Playing With First Sports Facility

Statistical Data Included

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By Elizabeth Harris

Portland is trying to piece together what could become Maine's first sports finance deal as it contemplates a mix of tax-exempt debt and charitable donations to fund a replacement for the Cumberland County Civic Center.

While work on the \$ 46 million project is still in a preliminary stage, city officials are hoping to finance it with revenue bonds, rather than tapping Portland's general obligation pledge. As they review their options for the credit, officials are also hoping to keep any financing tax-exempt, according to Jim Saffian, an attorney with the city's bond counsel, Pierce Atwood.

However, the Arena Task Force Committee is still working with Pierce Atwood and financial adviser Fleet Securities to weigh all its options -- including the possibility of taxable bonds -- and will give a report to the City Council next week, said George Campbell, a council member and chairman of the task force. The council is expected to decide in October.

"Within a revenue bond structure, can you make it work utilizing some of the surcharges and private seat licensing sales and parking surcharges? Can you support it? That's the issue right now," Campbell said.

What is clear is the need to replace the 25-year-old civic center, which has experienced declining usage in recent years. It still hosts 169 events a year, with one quarter of the business stemming from the American Hockey League's Portland Pirates' games. However, with just 6,800 seats, the arena loses shows to other New England venues and total attendance has fallen, said Chris Dunlavey, a vice president with Washington D.C.-based Brailsford & Dunlavey Inc., a sports facility consulting firm that prepared a feasibility study.

"It's a strong enough market that it should be able to support better attendance and event activity than they've seen, so clearly they're limited by the quality of their facility right now," Dunlavey said. Results from a market survey showed people are dissuaded from attending events at the Civic Center because of the building itself, he added.

But the main impetus for building a new 10,000-seat arena now is a charitable promise from the local Libra Foundation, which offered the city a \$ 1 million piece of land for the new civic center, just one mile away from the present one. Additionally, the city is anticipating a further \$ 20

Million donation toward the project from the philanthropic group.

"They have a market that has historically demonstrated the ability to support the kinds of events they want to attract, and they've got this free land and capital being offered all those things make for a project that really should work," Dunlavey said, adding that the popular team is also a strong draw.

Portland's plans fall in line with a national pattern of building new stadiums, particularly for minor league hockey and baseball franchises, said Dan Champeau, a director with Fitch IBCA Inc. Although he had not seen any of the particulars of the deal, Champeau predicted that the level of equity financing could help the city get better financing terms.

"The trend over the last several years has been to follow what's been happening on the major-league level, and the importance of facilities is just as important to a minor league team as it is to a major-league team," Champeau said.