



## King County

### Metropolitan King County Council Budget and Fiscal Management Committee

#### Staff Report

---

Agenda item No:	5	Date:	April 3, 2012
Briefing No:	2012-B0016	Prepared by:	Wendy Soo Hoo

---

#### **SUBJECT**

A status update on the Seattle arena proposal.

#### **BACKGROUND & PROCESS**

On February 16th, the Seattle Mayor and King County Executive announced that they were working with a private investor (ArenaCo) on a proposal to develop an arena south of Safeco Field and Century Link Field. The new arena would have the ability to host a NBA and NHL team.

They also announced that they were charging an Arena Review Panel with looking at the proposal to determine whether:

- Existing City and County general fund resources are protected,
- The City and County are significantly protected from financial risks, and
- The partnership will result in an investment into the community and region.

**The panel report will be released April 4<sup>th</sup>.** (A description of the panel and its membership are included as Attachment 1.)

As early as mid-April, the Executive and Mayor anticipate transmitting legislation to the City and County Councils, requesting action on a nonbinding memorandum of understanding (MOU) between the City, County and ArenaCo, as well as a nonbinding agreement of principles outlining principles for an interlocal agreement between the City and County. The MOU will memorialize the proposal concept and the relationship between the City, County and ArenaCo, while the agreement of principles will outline the relationship between the City and County. **ArenaCo has requested legislative action by late May to early June.**

As traffic impacts has already been identified as a concern both by the Arena Review Panel and by stakeholders in the area around the stadiums, ArenaCo is funding an expedited transportation study that will be managed by the City. The transportation

study, which is expected to be high-level in nature given the abbreviated timeline, is expected to be completed in mid-May in an effort to aid the legislative review process.

## **PROPOSAL CONCEPT – *SUBJECT TO CHANGE***

ArenaCo has purchased all the necessary properties and will obtain site permits. ArenaCo (or a third party under contract with ArenaCo) would acquire an NBA and NHL team.

Thereafter, the Mayor and Executive would negotiate binding agreements with ArenaCo, which would then be acted on by the City and County Councils. Following approval of the binding agreements, the City would buy the land and enter into a lease agreement with the ownership group. The ownership group would pay for construction of the arena, including cost overruns. Then, upon completion of construction, the City and County would execute a lease-purchase of the arena facility.

The total financial obligations of the City and County for acquisition of the site and the arena would be capped at \$200 million. This would be financed with City and County debt. (The exact split of this debt has not been finalized.)

The City and County would receive incremental increases in property, admissions, sales and other tax revenues, and a base rent amount from the teams. If the revenues are below the annual debt payment plus the fair value return in any year, the ownership group would pay additional rent. If the revenues are higher, the amount would go into a reserve. Additional requirements on funding and maintenance of reserve are currently under consideration in an effort to provide further security to the governments.

In addition, the proposal concept calls for the teams to have a non-relocation agreement for 30 years to coincide with the 30-year lease and the 30-year debt service.

## **OVERALL TIMELINE**

- **April 4<sup>th</sup>:** Arena Review Panel Report finalized
- **As early as mid-April:** Executive will transmit legislation
  - **MOU** – nonbinding agreement between the City and County and ArenaCo will spell out key financial terms and other conditions.
  - **Agreement of principles** – nonbinding agreement between the City and County. This document will identify principles for an interlocal agreement between the City and County.
  - ***ArenaCo is requesting Council action in late May/early June.***
- **Through 2013 (or later):** ArenaCo will then begin SEPA, EIS and permitting processes
- **Through 2013 (or later):** ArenaCo will work to acquire the NBA team. A separate ownership group will secure the NHL team.

- **Following SEPA, EIS, and permitting and acquisition of the teams:** City and County Council action on binding agreements
- **Approximately two years thereafter:** Completion of construction
  - No County bonds would be issued until after the arena is complete
  -

## **ATTACHMENT**

1. Arena Review Panel

[Blank Page]

## ATTACHMENT 1 Arena Review Panel

<http://www.seattle.gov/arena/panel.htm>

### **Arena Review Panel Charge**

The Arena Review Panel is requested to determine whether or not the proposal meets each of the principles stated below:

#### **1) Existing General Fund resources are protected.**

The City and the County provide critical public safety, health, educational, human services and other quality of life core services to the public. Any public-private partnership should not impair the provision of those services directly or indirectly, by creating financial pressure on general resources.

#### **2) The City and County should be significantly protected from any financial risks.**

The public should not bear any significant financial risk from the public-private partnership.

#### **3) The partnership should result in an investment into the community and region.**

The City and County each target its limited resources on providing core public services. The arena proposal should offer the City and County with a potential opportunity to leverage outside resources to further enhance the community and region, by creating a new entertainment venue and spurring job growth and economic activity in the process.

### **ARENA REVIEW PANEL MEMBERS**

#### **Jan Drago – Co-Chair**

Jan Drago is a former Seattle and King County councilmember. Her tenure on the City Council included four years as Council President and four years as chair of the Finance and Budget Committee. She vice-chaired the Housing and Economic Development Committee, and was a member of the Seattle Center Committee. Past experience also includes representing the City Council on the Transportation Policy Board on the Puget Sound Regional Council and the Sister City Association, among others. She participates in many community organizations, including the Downtown Seattle Association, the Women's Political Caucus, Governor Booth Gardner's Task Force on Homelessness, and was one of the original founders of Sustainable Seattle. Drago is a graduate of Douglass College, Rutgers University, with a bachelor's degree in psychology.

#### **Lenny Wilkens – Co-Chair**

Lenny Wilkens is the only person to be inducted three times into the Naismith Memorial Basketball Hall of Fame as a player, coach, and Olympian. Wilkens, a nine-time NBA all-star and SuperSonics coach for eight seasons, was the head coach for the 1979 NBA Champion Seattle SuperSonics. Wilkens, who served as an assistant coach for the 1992 USA Olympic Dream Team, and head coach for the 1996 team, has been named one of the top ten coaches and one of the top 50 players in NBA history.

**David Freiboth**

David Freiboth currently serves as the executive secretary of the ML King County Labor Council. Freiboth has served on a broad range of community efforts, from transportation causes to regulatory reform, at the city, regional and state level. He currently serves on the United Way Board of Directors, the board of the Workforce Development Council, Enterprise Seattle and the Convention and Visitors Bureau. Last year, Freiboth teamed up with a regional alliance that successfully brought Boeing 737 MAX production to the Seattle area.

**Doris Koo**

Doris Koo, a current senior advisor and former President and Chief Executive Officer of Enterprise Community Partners, is a nationally respected leader with decades of experience in community development and affordable housing. The mission of Enterprise Community Partners is to create opportunity for low- and moderate income people through affordable housing in diverse, thriving communities. She is currently a member of the Russell Family Foundation's Investment and Audit Committee. Koo has also served as the Deputy Executive Director of the Seattle Housing Authority, where she oversaw municipal bond financing, four HOPE IV redevelopment efforts, internal management and operations. She has served as chairman of the Affordable Housing Advisory Council of Federal Home Loan Bank of Seattle, among other community development and affordable housing efforts. Koo has a bachelor's degree in sociology from the University of Wisconsin-Madison and a master's degree in social service administration from the University of Chicago.

**Karen Lee**

Karen Lee is the CEO of Pioneer Human Services, a non-profit that helps people overcome challenges of chemical dependency, mental health issues or criminal histories by offering an integrated array of housing, employment, training, reentry and treatment services. Lee, a former Washington State Employment Security Commissioner, has also served as Director of Gas Operations at Puget Sound Energy, where she was wholly accountable for the safe distribution and delivery of natural gas to users throughout western Washington. Prior to this, Lee was as an Associate Attorney at Preston Gates Ellis (now K & L Gates) where she specialized in municipal and land use litigation. Lee is a member of the Washington State Bar Association, vice-president of Tabor 100, past president and trustee of the University of Washington Alumni Association, and former board member of the Cascade Land Conservancy (now Forterra). Lee graduated from the U.S. Military Academy at West Point with a bachelor of science degree and holds a law degree from the University of Washington.

**Estela Ortega**

Estela Ortega is a co-founder and executive director of El Centro de la Raza, a hub for Seattle's Latino community and an organization dedicated to social justice for all. Ortega recently co-chaired the renewal of the Families and Education Levy, a \$245 million effort approved overwhelmingly by Seattle residents. She was honored last year by US Senators Murray and Cantwell as a 2011 Woman of Valor for her public service and community development efforts.

**Greg Smith**

Greg Smith is the founder and CEO of Urban Visions, a Seattle-based real estate firm dedicated to environmentally sustainable development. Smith, a fifth-generation Seattleite, recently founded Stadium Nissan just south of the International District. He is passionate about sustainable, urban development and his leadership has helped place Seattle at the top of the pack of our country's greenest cities. He is an expert at addressing development issues relating to traffic and negative environmental impacts. Greg Smith currently serves on the Seattle Art Museum executive board and has served on the boards of the Seattle Convention and Visitors Bureau and the Loghouse Museum, among others.

**Dr. Jill Wakefield**

Jill Wakefield is a visionary leader recognized for the depth of her experience in community college education and for developing innovative solutions and strategic partnerships. She became Chancellor of the Seattle Community Colleges in January 2009, after a long career at South Seattle Community College that included five years as college president, when she led the college in developing one of the first four-year degrees in the state, a University Center, and the award-winning Northwest Wine Academy as well as establishment of the landmark Georgetown Campus. As Chancellor, she represents the district as leader and advocate at local, regional, state and national organizations. Dr. Wakefield sits on the boards of several regional institutions and non-profits as well as local and national educational boards, including Seattle University and the League for Innovation in the Community College. She has received numerous awards and accolades. Chancellor Wakefield is a community college graduate who earned her associate's degree from Centralia College, bachelor's degree in education from Central Washington University, master's degree in public administration/public policy from the University of Washington, and doctorate in educational leadership from Seattle University.

**Special Advisor to the Panel****Maud Daudon**

Maud Daudon is CEO and President of Seattle Northwest Securities Corporation. Prior to joining Seattle Northwest, Daudon served for four years as Deputy Mayor and Chief of Staff for the City of Seattle. Prior to this role, she was the Chief Financial Officer for the Port of Seattle. She gained significant experience in public finance by working for six years completing transportation and public works-related bond financings for a national investment banking firm from its New York and Seattle offices. Daudon is immediate past chair of the Seattle Metropolitan Chamber of Commerce. She has a master's degree in Public and Private Management with an emphasis on finance and economic development from Yale University and a bachelor's degree from Hampshire College.