



## Legislation Text

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Clerk 09/18/2018

AN ORDINANCE authorizing a new funding agreement and amendment to the existing financing agreement with the Washington State Major League Baseball Stadium Public Facilities District.

### STATEMENT OF FACTS:

1. Rapid population growth in King County will necessitate building affordable and market rate housing near improved public transportation options.
2. The King County council, by passing Motion 14687 in 2016, acknowledged receipt of the Transit Oriented Development Bond Allocation Plan, and the goal of financing up to eighty-seven million dollars of housing projects.
3. As authorized by the state Legislature through RCW 67.28.180, beginning in 2021, at least thirty-seven and one-half percent of the lodging taxes generated every year in King County must be used "for contracts, loans, or grants to nonprofit organizations or public housing authorities for affordable workforce housing within one-half mile of a transit station, as described under RCW 9.91.025 or for services for homeless youth."
4. Equally important are: the building of new gathering places, sites where our diverse histories can be interpreted and shared and public cultural spaces; and the preservation of historic structures that create community identity, encourage strong social connections and further opportunity for entertainment, education and interactions. Civic institutions, such as history and art museums, public galleries, community cultural organizations, performing art centers and

historic structures, play a central role in our economy and benefit local businesses, residents and tourists.

5. Arts, culture and heritage make this region an attractive place for new businesses that bring with them new jobs, as arts and heritage businesses add two billion dollars in business activity, eight hundred eighty-two million dollars in payroll and thirty-two thousand five hundred jobs to the central Puget Sound region.

6. As authorized by the state Legislature through RCW 67.28.180, beginning in 2021, at least thirty-seven and one-half percent of the lodging taxes generated every year in King County must be used to support "art museums, cultural museums, heritage museums, the arts and the performing arts."

7. The Washington State Major League Baseball Stadium Public Facilities District ("the PFD") operates the publicly owned Safeco Field ("the ballpark").

8. The ballpark is a gathering place providing an array of public benefits and employs over two thousand full and part time employees, in addition to being a venue for the Seattle Mariners.

9. The Seattle Mariners draw nearly three million fans to the ballpark every year. Attendance at Seattle Mariners games between 2012 and 2017 exceeded twelve million one hundred thousand, with many coming from out of state and supporting the local tourism industry. More than forty-five million people have attended baseball games since the ballpark opened.

10. As authorized by the state Legislature through RCW 67.28.180, beginning in 2021 at most twenty-five percent of the lodging taxes generated every year in King County may be used "for capital or operating programs that promote tourism and attract tourists to the county."

11. In 2015, the county council adopted Motion 14406, and the county effectuated through Ordinances 18179, 18180 and 18181, to establish the Building for Culture Program, which issued twenty-nine million dollars of bonds to fund capital projects that support arts, culture and

heritage in the county and committed lodging taxes generated every year in King County beginning in 2021 to debt service payment of these bonds.

12. Since 1967, the King County lodging tax has been used to finance the construction of two professional sports stadiums and an exhibition center.

13. The PFD and the Baseball Club have entered into a nonbinding term sheet, dated May 23, 2018, wherein the Baseball Club has agreed to lease the ballpark for an initial term of twenty-five years starting in 2019 and to assume obligations, including financial responsibilities for the operation, maintenance and capital improvements to the ballpark in exchange for the PFD assuming obligations, including financial responsibilities related to capital improvements to the ballpark's existing infrastructure.

14. In the next twenty years, the ballpark is expected to generate forty-six million dollars for local jurisdictions and one hundred forty million dollars for Washington state.

15. Under the terms of the proposed funding agreement that is the subject of this ordinance, the county would transfer a portion of future lodging tax revenues beginning in 2021, to be coterminous with the PFD leasing the ballpark to the Baseball Club. The transferred tax revenues may only be used for capital improvements to the existing infrastructure of the ballpark. The agreement does not authorize public funding on upgrades to the ballpark, such as suites or so-called Club spaces. The agreement further requires that all modernization upgrades, as well as all operation and maintenance expenses to be paid for by the Mariners during the lease term and any extensions.

16. A continued investment in the publicly owned ballpark is necessary to ensure that it remain a source of wholesome, family-centered entertainment and provide a sense of enhanced civic pride as well as a positive impact on the local and regional economy.

17. The ballpark promotes tourism and attracts tourists to the county, with approximately forty-

five percent of fans coming from locations outside of King County.

18. Multicultural markets that have vendors of goods, wares or services have the effect of attracting tourists to those markets and promoting tourism to the county.

19. Savor Snoqualmie is an effort coordinated by the Mountain to Sounds Greenway Trust that works to promote tourism in the Snoqualmie Valley.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

**SECTION 1. Findings:**

A. Beginning in 2021, King County intends to allocate baseline lodging tax revenues for the following programs and to the following organizations according to the estimated revenues established using the August 2018 Office of Economic and Financial Analysis forecast found in Attachment C to this ordinance:

1. Thirty-seven and one half percent to be transferred to the cultural development authority of King County ("4Culture") to support art museums, cultural museums, heritage museums, the arts and the performing arts in accordance with RCW 67.28.180(3)(d)(i);

2. Thirty-four and nine-tenths of one percent to be allocated to the department of community and human services to support transit oriented development projects that preserve or develop affordable workforce housing or services for homeless youth in accordance with RCW 67.28.180(3)(d)(ii);

3. Two and six-tenths of one percent to be allocated to the department of community and human services to support services for homeless youth in accordance with RCW 67.28.180(3)(d)(ii); and

4. Twenty-five percent to be allocated by the county for capital or operating programs that promote tourism and attract tourists to the county or support transit oriented development projects that preserve or develop affordable workforce housing or services for homeless youth in accordance with RCW 67.28.180(3)(d)(ii):

a. debt service on the original Building for Culture Program bonds, in accordance with the county's contractual obligation as set forth in the agreement for implementation of the Building for Culture Program

between the county and 4Culture;

b. after allocating sufficient lodging tax revenues to satisfy the debt service of subsection A.4.a. of this section, transfer of forty-three and eight-tenths of one percent of the remaining amount to the Washington State Major League Baseball Stadium Public Facilities District ("the PFD") for twenty-three years to be used for capital improvements to the existing infrastructure at Safeco Field ("the ballpark");

c. after allocating sufficient lodging tax revenues to satisfy the debt service under subsection 4.3.a. of this section and the transfer of lodging tax revenues to the PFD under subsection A.4.b. of this section, reserve one million dollars each year from 2021 to 2029 for capital or operating programs that promote tourism and attract tourists in all parts of the county. It is the intent of the council that from the reserve, twenty-five thousand dollars a year will be used to support Savor Snoqualmie's tourism promotion efforts; and

d. after allocating sufficient lodging tax revenues to satisfy the debt service of subsection A.4.a. of this section, the transfer of lodging tax revenues to the PFD under subsection A.4.b. of this section and reserving the revenue as described in subsection A.4.c. of this section, all remaining funds shall be allocated to the department of community and human services to support transit oriented development projects that preserve or develop affordable workforce housing or services for homeless youth.

B. It is the intent of the council to allocate any lodging tax revenues that exceed baseline revenues found in Attachment C to this ordinance for the following programs and organizations:

1. Two hundred thousand dollars be transferred each year to the Kent Special Events Center Public Facilities District to support capital maintenance at the accesso ShoWare Center facility until the total transferred amount equals two million dollars;

2. Thirty-seven and one half percent to be transferred to 4Culture to support art museums, cultural museums, heritage museums, the arts and performing arts;

3. After allocating sufficient lodging tax revenues to satisfy the requirements in subsection B.1. of this section, ten percent of the moneys remaining to be allocated to the department of community and human

services to support transit oriented development projects that preserve or develop affordable workforce housing or services for homeless youth;

4. After allocating sufficient lodging tax revenues to satisfy the requirements in subsection B.1. of this section, forty-two and one half percent of the moneys remaining to be reserved for capital or operating programs that promote tourism and encourage visitors in all parts of the county; and

5. After allocating sufficient lodging tax revenues to satisfy the requirements in subsection B.1. of this section, ten percent of the moneys remaining to be transferred to the PFD until the year 2043 to be used for capital improvements to the existing infrastructure at the ballpark.

C. It is the intent of the council to request the executive to issue bonds in the amount of \$100 million to support transit oriented development projects that preserve or develop affordable workforce housing as soon as possible.

D. It is the intent of the council, in consultation with the executive, to engage county visitor and tourism organizations to work in collaboration to set up a fund that will support capital and operating programs that promote tourism and attract tourists to all parts of the county. It is the intent of the council that multicultural markets be eligible to receive moneys from that tourism fund, particularly if the market's vendors are from communities that have recently been displaced or are at risk of displacement.

E. It is the intent of the council to request the executive develop a countywide strategic arts, heritage, historic preservation, and culture plan for the allocation of the lodging tax revenues described in subsections A.1. and B.1. of this section. It is the intent of the council to request that the proposed strategic plan be forwarded to the council by December 31, 2019, in order to inform the budget process for the 2021 - 2022 budget.

F. It is the intent of the council to request the executive to develop and transmit legislation to support the identified allocations as described in subsections A.4.c. and B.3. of this section including appropriation requests.

G. It is the intent of the council to request the executive develop an expenditure plan for the lodging tax revenues allocated under subsections A.2. and B.2. of this section not already programed in the 2016 Transit Oriented Development Bond Allocation Plan, receipt of which the council acknowledged by passing Motion 14687. The expenditure plan should at a minimum support the recommendations of the Regional Affordable Housing Task Force and describe how the lodging tax revenues allocated under subsections A.2. and B.2. of this section will be used across the county in an equitable manner. It is the intent of the council to request that the expenditure plan be forwarded to the council by February 28, 2019.

SECTION 2. In accordance with K.C.C. 4A.100.070.D.2.b, the executive has requested the council's authorization to execute an agreement that commits the county to expend moneys beyond the biennium. Under the funding agreement, Attachment A to this ordinance, and if the PFD and the Baseball Club of Seattle L.L.L.P. entering into both a lease substantially in compliance with the May 23, 2018 Lease Renewal Term Sheet ("Lease") and a nonrelocation agreement that obligates the Club and any successor-in-interest to retain the ballpark as a home venue of a Major League Baseball team for the term of the Lease, King County would be contractually obligated to transfer applicable lodging tax revenues to the PFD, starting in 2021, in an amount in accordance with section 1.A.4.b. and 1.B.4. of this ordinance and the provisions of the funding agreement for a period not to exceed twenty-three years. The transferred tax revenues to be used for capital improvements to the existing infrastructure of the ballpark.

SECTION 3. The executive is hereby authorized to execute the funding agreement with the PFD substantially in the form of Attachment A to this ordinance.

SECTION 4. The executive is hereby authorized to execute the sixth amendment to the 1996 financing agreement with the PFD substantially in the form of Attachment B to this ordinance.