

Seattle City Council Select Committee on Civic Arenas
Frequently Asked Questions
July 10, 2017

GENERAL

1. Could there be two new civic arenas, or is the City limited to choosing only one?

There could conceivably be two arenas. A major consideration would include whether each proposed arena is profitable enough to justify making initial capital investments and covering all ongoing operating and maintenance costs.

2. What is the relationship between the KeyArena Redevelopment and SODO Arena efforts?

When the City issued the Request for Proposals (RFP) to redevelop KeyArena at the Seattle Center, the RFP made clear that:

Any party presenting a proposal for the redevelopment of KeyArena should be aware of the Memorandum of Understanding Seattle Sports Entertainment Facility between the City of Seattle, King County and WSA Properties III (“ArenaCo”)... The ArenaCo MOU remains in effect until December 3, 2017. The City remains fully committed to the terms of the MOU, and is supportive of ArenaCo’s efforts to return NBA basketball and attract NHL hockey to Seattle. However, the City must also consider the future of KeyArena, which is a City property that is part of an important City-owned campus, and make contingency plans for its future.

3. Why move forward with KeyArena when SODO is an option?

It’s been more than twenty years since the City has made a major investment in upgrading KeyArena. We need to focus on a plan that will work for the City and our residents to provide a world-class entertainment and sports venue. Moreover, KeyArena is a city-owned property and we must consider its future use in a timely manner.

4. How will you involve the community and the public at large in the redevelopment of KeyArena process?

The City is committed to regularly updating and seeking input from area residents and businesses in a variety of ways: public forums, group meetings, as well as providing information at: www.seattle.gov/arena. The public may also email the City’s Office of Economic Development (OED) at OED@Seattle.gov and the City Council at Council@Seattle.gov with any questions or comments.

5. What is the difference in roles between the executive (the mayor) and the legislative (city council) branches of city government?

The City's executive branch will negotiate a Memorandum of Understanding (MOU) for redeveloping the KeyArena facility. The City's legislative branch (Council) will review the negotiated MOU and determine whether to authorize executing the binding agreement either as negotiated or with amendments.

6. How was OVG selected as the winner of the RFP process?

The executive branch conducted a competitive process inviting any interested parties to submit proposals for how to redevelop KeyArena into a world-class entertainment and sports facility. OVG was one of two qualified firms who submitted proposals. The Mayor selected OVG using criteria established in the RFP.

7. What's the soonest a new arena could open at Seattle Center?

The City and OVG are still negotiating terms that will determine how quickly a redeveloped civic arena could open in the KeyArena redevelopment area. OVG included an estimated schedule in their proposal, which included landmark and SEPA review, design, permitting, and construction. The project's actual schedule remains to be determined, but OED estimates that it will take less than five years from start of planning to completion of construction.

KEYARENA REDEVELOPMENT

1. Why redevelop KeyArena?

The last major renovation to KeyArena was in 1995. As owners of the arena, the City is committed to a redevelopment plan that provides a venue to serve the civic and entertainment needs of our region, enhances the vibrancy of the Seattle Center and surrounding neighborhoods, and could open the door to possible NBA and NHL teams.

2. How much revenue does KeyArena bring in today? How are those funds spent?

KeyArena's gross revenues exceeded \$10 million in 2016, including rental fees. The City's costs to run KeyArena were just over \$9 million in 2016. Since 2010, KeyArena's operating revenues have been slightly higher than operating expenses with the net operating income used to support the Seattle Center campus, including maintaining the grounds and providing free and affordable public programming. However, operating revenues have not been sufficient to cover all needed capital investments and major maintenance through the Capital Improvement Program.

KeyArena also generates parking revenue and tax revenues that are in addition to operating revenues and expenses. By City policy, the admissions tax is dedicated for arts expenditures. By State law, the commercial parking tax is dedicated to transportation purposes. Sales and use taxes are available for any municipal purpose.

3. Will this agreement ensure the City retains tax revenues at historical levels?

OVG's selected proposal included a commitment that the City would maintain at least historical levels of tax and Seattle Center net operating revenues.

4. Will transportation investments be both capital and operations or just one or the other?

This is subject to negotiation, but there is no inherent reason why transportation investments would need to be restricted to either capital or operations. In their proposal, OVG provided strategies and funds for mitigation of transportation impacts due to construction and operation to help address this concern.

5. What are the impacts to existing tenants?

Those who regularly use KeyArena and the surrounding buildings within the "redevelopment site" described in the RFP could be impacted by the KeyArena redevelopment temporarily during construction and/or permanently during operation of the redeveloped facility. These impacts have yet to be determined. Seattle Center tenants in buildings north of KeyArena (including KEXP, Vera Project, and SIFF) are not included in the boundaries of the redevelopment site. The KeyArena RFP also stated that the cost of the relocation of the skate park will be the responsibility of the selected proposer.

6. How many City employees (permanent, part-time, intermittent, seasonal, on contract) work at KeyArena, who may be displaced, and what do they do?

In 2016, there were more than 500 permanent, part-time and intermittent City employees working at KeyArena. These employees – almost all of whom are represented – include skilled crafts, service, administrative, and management personnel. The majority are intermittent employees providing stage, sound and video, and admissions services. OVG's proposal included a commitment that they would make every effort to retain the people currently working at KeyArena. This will be subject to negotiation.

7. What buildings have been nominated for landmark status?

The KeyArena building (Coliseum), the Bressi Garage, the NASA building, and the Blue Spruce building have all been nominated for landmark status. The next step will be the designation phase. City Council will review and consider action on a Controls & Incentives agreement for any buildings that receive landmark status. The Controls & Incentives agreement would include details about what protections (if any) are warranted for buildings with landmark status.