

JUNE 2, 2017



# CITY STAFF REVIEW TEAM EVALUATIONS

## FINDINGS AND OBSERVATIONS

### KEYARENA REDEVELOPMENT PROJECT



## **Design/Constructability Staff Review Team**

### **Team Members**

**Jill Crary, Seattle Center**

**Jae Lee, Seattle Center**

**Branin Burdette, SDCI**

**David Hudacek, SDCI**

**Quinn Majeski, OPI**

**Lyle Bicknell, OPCD**

**Karl Stickel, OED**

### **Consultants**

**Ken Johnsen, SOJ**

**James Poulson, Architect**

## **Oak View Group:**

- A. Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.**

This is a definite strength for this Proposer. By lowering the bowl, and developing a structural plan to transfer load from the four buttresses, they have created essentially a new building, with a large event floor and concourses at new levels. Figure #1 shows the current KeyArena floorplan in red overlaid on OVG’s floorplan. You can see the increased area on all 4 sides of the building.

With a large entry at the south end, from the upper level, all patrons drop down into the various building levels (Figure 2).

Loading begins at John St, with a tunnel on the 1<sup>st</sup> Ave N Garage lot, which allows for the needed 50’ drop before entering the new south end space.

They have provided a new seating bowl and are using 34” riser treads and 20” seating in the lower bowl and 33” treads and 20” seats in the upper bowl. There are multiple upper bowl levels, with the north upper bowl beginning at the suite level, a south seating “party deck” and stacked seating above the upper bowl on the east and west sides. This means that all of their seating fits within the current KeyArena roofline. (Figures 3 and 4)

They solve the ice sheet/basketball floor geometry gap - almost 100’ difference between length of ice sheet and length of basketball floor, meaning almost 50’ of space at end of basketball setup until dasher - with adjustable raked seating built into the lower bowl. This creates much better end-zone seating for basketball. (Figure 5)

Overall, the details in their lower and upper bowl make this clearly the more intimate and preferable seating bowl of the two proposals.

The design disperses premium seating and food and beverage opportunities throughout, with a diversity of locations and offerings and flexibility for future changes.

Estimated percentage of reuse of the existing building is:

100% of roof

75% of curtain wall  
50% of catwalks

**B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework (“UDF”).**

This is a weakness for this Proposer in comparison to the other proposals. Their efforts are focused mainly on the arena. They have a large plaza to the west along 1<sup>st</sup> Ave N, but no connection at the south end of the arena to the campus as is very desired by the neighborhood.

Improving connections to and from the Seattle Center was a key recommendation of the 2016 Uptown UDF. The framework specifically identified Thomas Street as a key east/west pedestrian corridor. The OVG proposal does not appear to activate the pedestrian environment along Thomas.

Their proposed above-grade parking structure along Thomas St is not compatible with new zoning development standards, and although they suggest that it could benefit the neighborhood by allowing the redevelopment of the Mercer Garage site as part of Seattle Center’s NE quadrant work, the ingress and egress of over 1,500 cars to the area of John/Thomas/1<sup>st</sup> Ave N. seems very disruptive to the area.

**PLEASE NOTE:** *As of May 29, 2017, OVG has removed the above-grade portion of the proposed parking garage and indicate that the area to the south “now is a plaza. There is a lot more open space with a focus on the neighborhood.” (Seattle Times, 5/29/17) The new estimate for underground parking on that site is 400 stalls. While we do not have drawings that detail these changes, these seem to be improvements over the original proposal.*

**C. Provide for design, permitting, development, demolition (if applicable), and construction of the Arena (the “Project”) with minimal City financial participation.**

**Schedule:**

Both projects will have the challenge of a new zoning code going into effect at some point in the vesting process which may add time to their schedule.

OVG’s schedule is detailed on the entitlements, which raises some questions. We’ve listed just a few of the schedule choices for illustration of how aggressive this schedule is:

- Schedule assumes a selection to be complete in “second half of May”, when RFP sets date as end of June 2017, already six week disconnect.
- This puts their “July 10, 2017” conclusion of Due Diligence at risk.
- Due Diligence leads into the entitlement period as July 10, 2017 to Nov. 23, 2018. Since it cannot start on July 10<sup>th</sup>, the end date is at risk.
- They welcome the Landmark designation of the current arena and propose Federal Historic Tax credits as part of financing and list the start of the City Landmarks Certificate of Approval process as July 10, 2017. This is premature by multiple months as the Nomination, Designation, Controls and Incentives negotiation and City Council ordinance adopting the Controls and Incentives must all be completed prior to starting the Certificate of Approval Process.

OVG is also proposing a subterranean street vacation, which is also not included in the entitlement schedule.

Given that the early milestones in their entitlement process/schedule are unrealistic, the 21-month construction duration (24-month including demolition are comparable with SP's 26-month), which has the most complexity and risk with the deeper excavation (Figure 6), also seems very tight and possibly unrealistic. Please note the construction process is not detailed in their schedule.

The imperative with a schedule this aggressive is to ensure that the City is not penalized in any way if or when the private developer is not able to meet the schedule. This will need to be addressed in negotiations with the successful proposer.

### **Budget:**

We continue to assess the construction budget as we have asked for more detail. It appears they are estimating \$327M as the hard costs for the arena alone, which includes the tunnel and ground floor of the south end hole/loading area. All other floors of their south structure are in the \$25M parking structure, which is included in their hard cost budget but noted as funded by others in another section of the RFP. This apparent discrepancy should be resolved.

They have 1% for Art as a line item, but not funded. Their response to our question on this suggested that, while they view some portion of the architecture as "art", they would also fund public art. Their budget has sales tax listed as \$40M however, in another section of the RFP they state it is their expectation/hope to not pay this and other taxes, fees, etc. They have construction contingencies are lower (\$25M vs SP's \$88M) and they seek to reduce haz-mat and cost over-run risks which may be more of an issue with this proposal given their additional excavation.

We have not been able to review the detail of their \$326M hard cost and \$51.5M FF&E estimate. What we heard from this team is:

We are using target construction values based on only a concept level of design documentation... Our cost model is tracking higher than our budget right now but we have target values on a list of value engineering that we will implement and once we start more detailed design, we will be able to take the concept presented in the RFP and work the design to achieve our budget. ICON and Populous have worked a design to hit target budgets time and time again and will do so successfully here as well. (Tim Romani e-mail, 5/9/17)

At concept level design such as this, it's normal to have a rough order of magnitude budget and VE targets, but we need to note that the Seattle Partners construction budget is further along in development and more conservative in approach. This makes it especially important that the City not be responsible for any cost overruns. Proposers will need to "own" their budget as well as their schedule and the City will need to guard against risk-shifting language on either of these issues.

### **Landmarks:**

Assuming a Landmarks Designation and Controls and Incentives for the exterior of the current facility, this is potentially a strength for this proposal. Their southern addition of glass

lobby/atrium allows the existing roof to remain intact and legible, also restorable at a potential future date.

They note in their responses to our questions that they will need to remove the western bays of the “Bressi Garage” on the 1<sup>st</sup> Ave N site to construct their loading tunnel, so we will need to work with them on this if the “Bressi Garage” is designated as a Landmark. Since their three-story development on this site has no programmatic or financial nexus to the arena, our Review Team suggest that any development on south site be deferred to a future phase.

**Zoning & Other issues:**

This proposal has one significant zoning challenge: the 850-car garage is not permitted at the street edge under the current or future zoning. This could be addressed by adding pedestrian related programming at the street level and breaking up the length of the building, which will exceed maximum width in the new, Seattle Mixed, zoning.

**PLEASE NOTE:** *As of May 29, 2017, OVG has removed the above-grade portion of the proposed parking garage and indicate that the area to the south “now is a plaza. There is a lot more open space with a focus on the neighborhood.” (Seattle Times, 5/29/17).*

This project will need a subterranean street vacation, which will introduce another level of public benefit in addition to whatever is negotiated for the use of the City’s arena property, as well as Seattle Design Commission review and approval.

The complexity of the zoning and street vacation is another reason why the entitlement schedule is unrealistic.

**D. Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.**

From a design perspective, this is a strength for this proposal, as the design includes sufficient space on its levels and in the seating bowl for future flexibility. We will leave it to the Operations and Financial Teams to provide more detail on this goal.

**E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

**Construction:**

OVG proposes to close one block of Thomas St during construction. Due to the amount of excavation and hauling needed for this proposal (Figure 6), there will be potential traffic impacts on neighboring streets. It requires a detail analysis and mitigation measures to reduce impacts during construction.

**Operations:**

During building operation, there may be concerns about truck loading at John and 1<sup>st</sup> Ave N. (Figure 7). We suggest they investigate the Barclays Center’s solution of using truck elevators and turn-tables before finalizing this design element.

The addition of 850 parking stalls to the 650 parking stalls already in the Thomas/John/1<sup>st</sup> Ave N vicinity does not seem realistic. Both ingress and especially egress post-event will create congestion that these small streets cannot accommodate.

**PLEASE NOTE:** *As of May 29, 2017, OVG has removed the above-grade portion of the proposed parking garage and indicate that the area to the south “now is a plaza. There is a lot more open space with a focus on the neighborhood.” (Seattle Times, 5/29/17) The new estimate for underground parking on that site is 400 stalls. The ingress and egress of this new stall count will need to be studied to understand it’s impact on ingress/egress but it will be significantly lower than the original proposal of 850 stalls.*

Overall, while their truck loading solution is better than Seattle Partners, their freight mobility plan and overall responses are weaker than Seattle Partners. Their response to our questions did list some specific financial commitments to transportation mitigation so we will leave analysis of these to the Transportation Team.

**F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City’s Race and Social Justice Initiative.**

They commit to the construction-related Community Workforce Agreement in their RFP response and repeated that in their presentation. That is a small part of an authentic approach to equitable development and we will leave the complete assessment to the Social Equity Team. We see no substantive difference between the two Proposers on this goal.

**G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**

The Century 21 Master Plan Goals listed in the RFP are:

- Long term investments should enhance the Center’s ability to meet its mission, bringing people together to share our communal artistic, civic and cultural expressions.
- The campus should provide programs, services and attractions for people of every age, background, heritage, culture and ability as well as for neighborhood residents and workers who may visit every day and for those who travel distances to get here.
- Seattle Center should strive to enliven the campus throughout the hours of the day and the days of the year, balancing out the peaks and valleys of programs and activities.
- The International Fountain and open space around it should be preserved as the “heart” of Seattle Center.
- Development should invigorate and update the campus to appeal to the next generation of users, yet changes should honor the campus’ historic character.
- Pedestrian friendly planning should unify the campus, enhancing the comfort and safety of people on foot.
- All planning and design work should promote environmental sustainability.
- Pathways and pedestrian connections into and through the campus should be clearly legible.
- Design should emphasize flexibility, vibrancy, legibility and artistic expression.
- Campus edges should open to the community and entries should be inviting and festive.

- Future Seattle Center development should build on the tradition of being a good neighbor to surrounding residents and businesses.
- Transportation planning must be a central element of any development.

Clearly Oak View Group's proposal meets many of these objectives with their "world class arena" design; however, their parking garage abutting the south end decreases, rather than increases, the opportunity for pedestrian connections to and through the campus and does not help open the campus edges to the community.

**PLEASE NOTE:** *As of May 29, 2017, OVG has removed the above-grade portion of the proposed parking garage and indicate that the area to the south "now is a plaza. There is a lot more open space with a focus on the neighborhood." (Seattle Times, 5/29/17). Per the Master Plan principles, what is being characterized as "a plaza" (Figure 8) will need additional improvements to create activation and we know that OVG still needs to locate their ticket office(s). There may be opportunity to replace the Restroom Pavilion and the Skatepark in this area.*

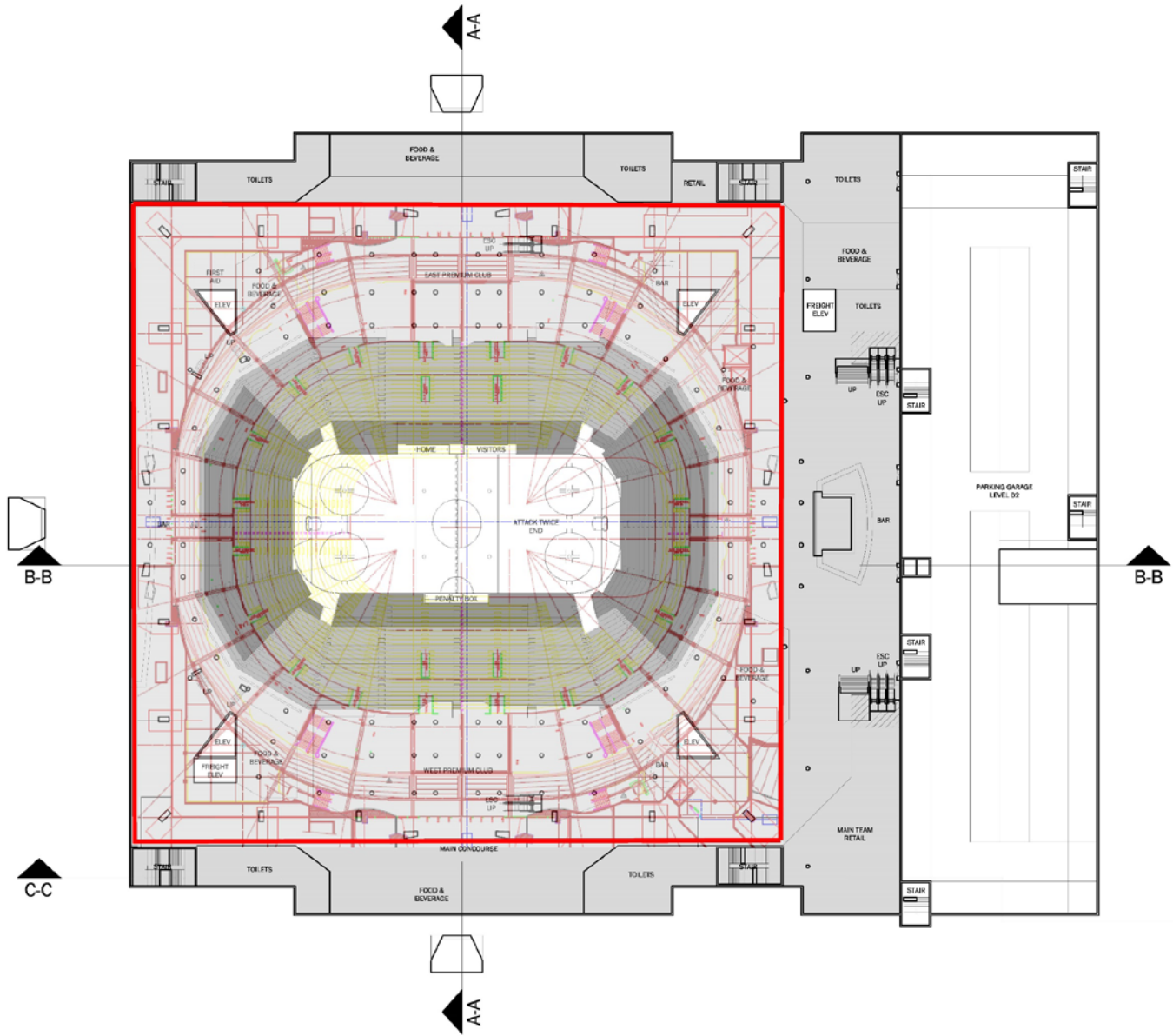
This proposer was clear in their presentation that they had not yet turned their focus to the rest of the campus and that they will financially assist with relocating tenants. In their answers to our questions, they stated they would put forward \$500K towards "short term and long term" tenant relocation needs. This may prove to be insufficient and will need to be addressed if the City ends up negotiating with this proposer.

We also noted with their design team that their exiting stair at the NW corner of the building would need to be reworked to allow vehicle access to the upper Northwest Courtyard and KEXP, which they agreed would be easy for them to accommodate.

Overall, the design of the arena itself is the strength of this proposal and as such can contribute positively to the vibrancy of Seattle Center, provided the weaknesses of the perimeter integration are addressed. To fully meet the Master Plan Design Guidelines, both of these proposals would benefit from the early engagement of a Landscape Architect with experience with public open space.

There are unrealized opportunities to integrate a vista to the east with both projects as a reknitted Harrison St. will make this building visible and accessible from South Lake Union. To fully meet the Master Plan Design Guidelines, both of these proposals would benefit from the early engagement of a Landscape Architect with experience with public open space.





**300 - MAIN CONCOURSE**

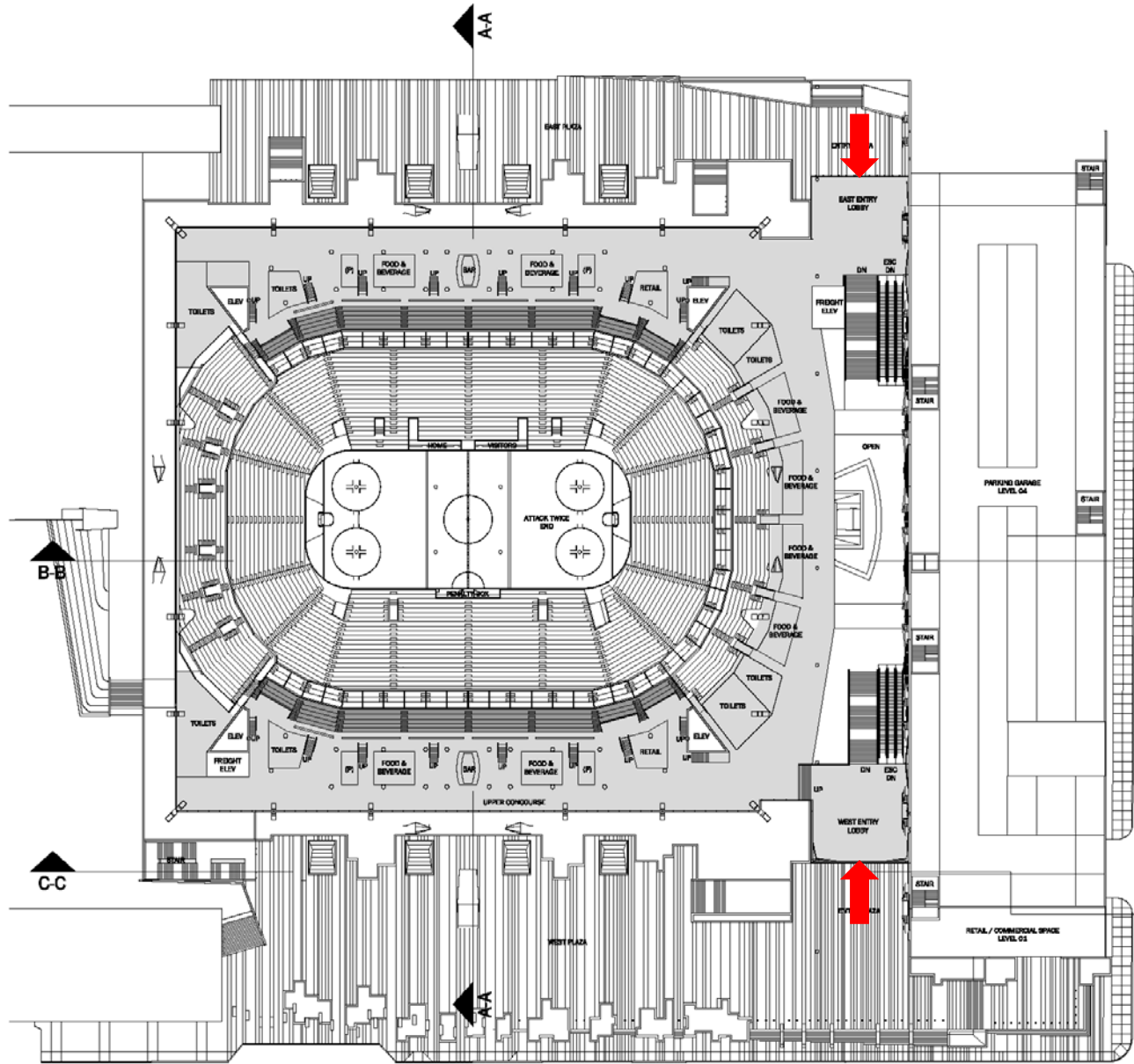
FLOOR SLAB = 153,800 SF  
 FIXED SEATING BOWL = 26,000 SF  
 RETRACTABLE SEATING = 20,900 SF

- LEGEND:**
- FLOOR SLAB
  - FIXED SEATING BOWL
  - RETRACTABLE SEATING

SCALE:  
 1/32" = 1'-0"  
 ▲ NORTH

**FIGURE 1**  
 CURRENT KEY ARENA,  
 OUTLINE IN RED

**KEY ARENA RENOVATION**



**500 - UPPER CONCOURSE**

FLOOR SLAB = 62,900 SF  
 FIXED SEATING BOWL = 7,200 SF

**LEGEND:**

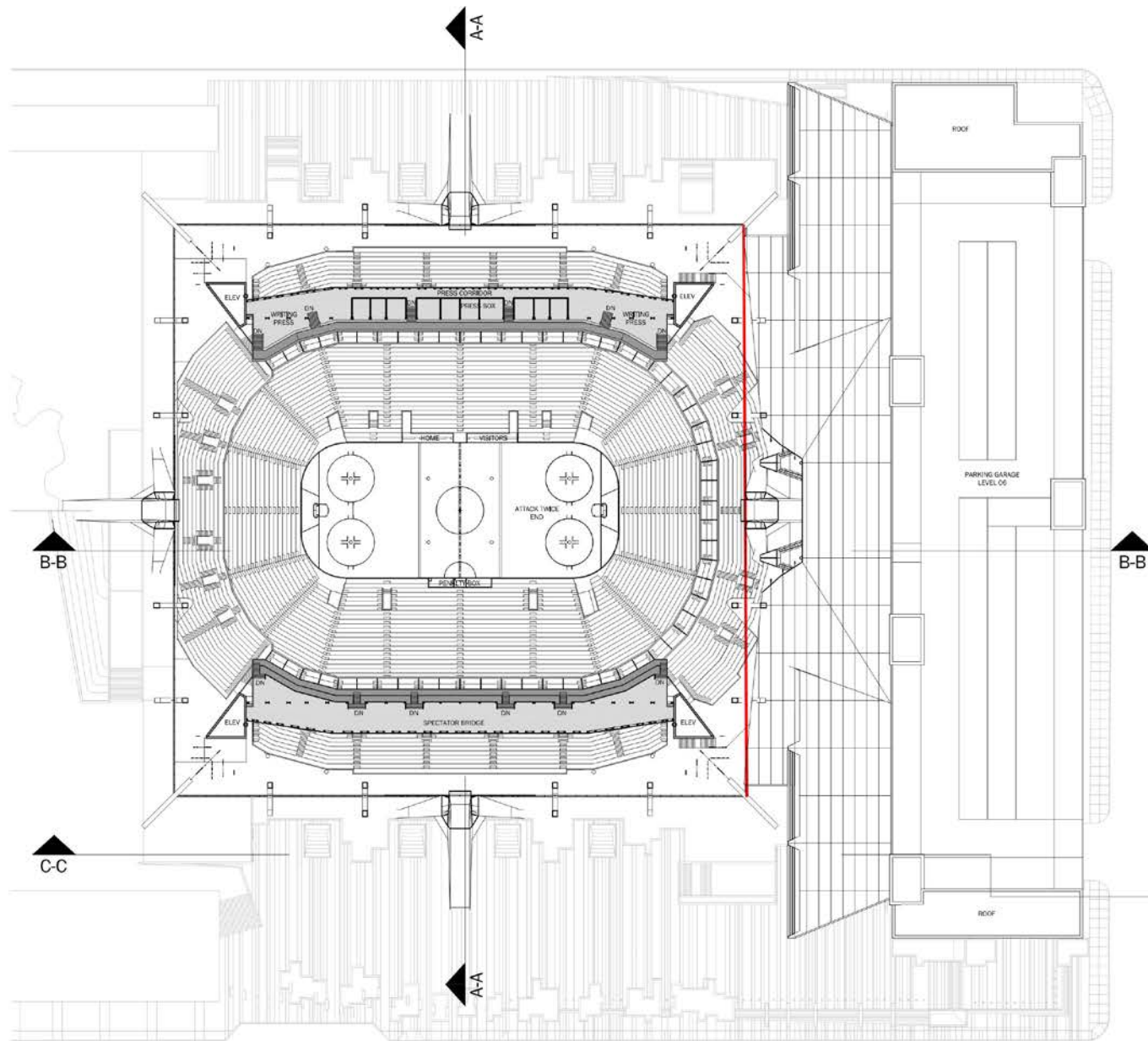
- FLOOR SLAB
- FIXED SEATING BOWL
- RETRACTABLE SEATING

SCALE:  
 1/32" = 1'-0"



**KEY ARENA RENOVATION**

**FIGURE 2**  
 UPPER CONCOURSE  
 GRADE LEVEL  
 ENTRIES



600 - PRESS LEVEL

FLOOR SLAB = 11,700 SF  
 FIXED SEATING BOWL = 4,500 SF

LEGEND:

- FLOOR SLAB
- FIXED SEATING BOWL
- RETRACTABLE SEATING

SCALE:  
 1/32" = 1'-0"

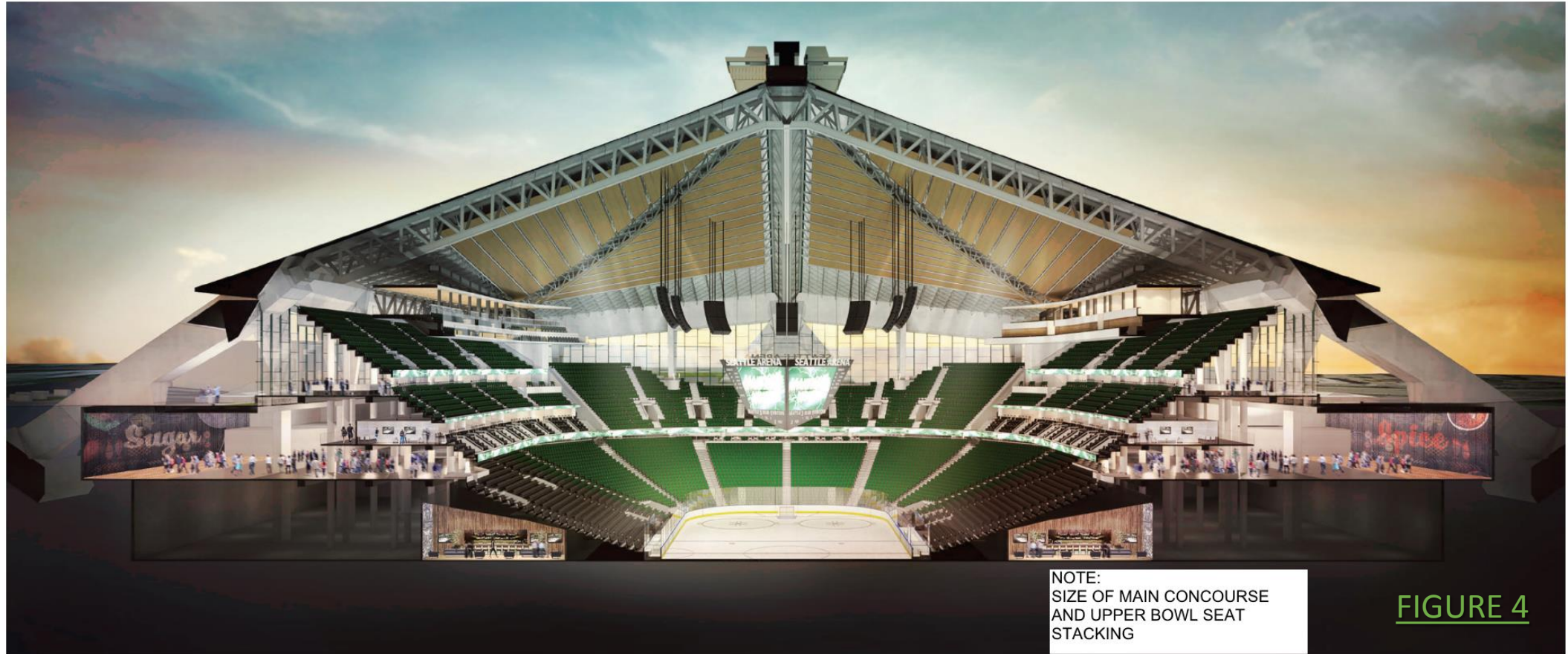
NORTH

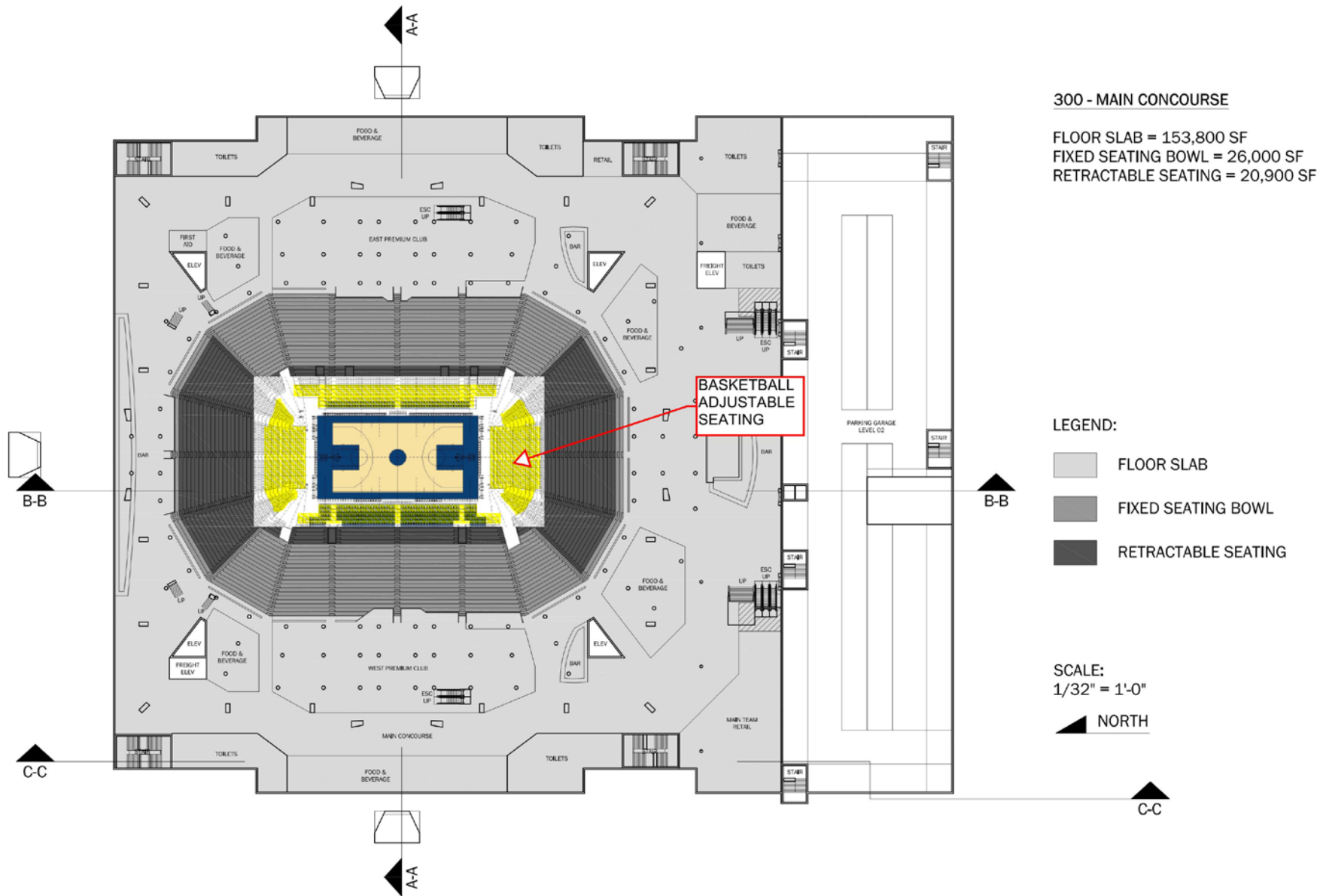
**FIGURE 3**  
 RED LINE INDICATES  
 KEY ARENA SOUTH  
 EDGE

## KEY ARENA RENOVATION



# EAST-WEST TRANSVERSE SECTION





**FIGURE 5**

**KEY ARENA RENOVATION**

NORTH IS SIMILAR, BUT WALL LINE IS AT APPROX ROOF DRIP LINE

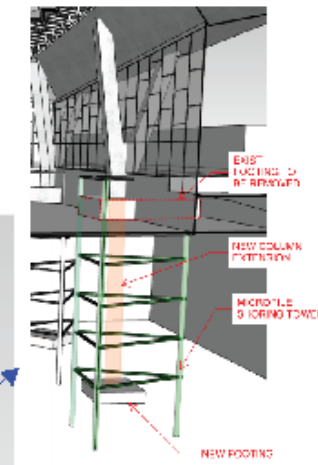
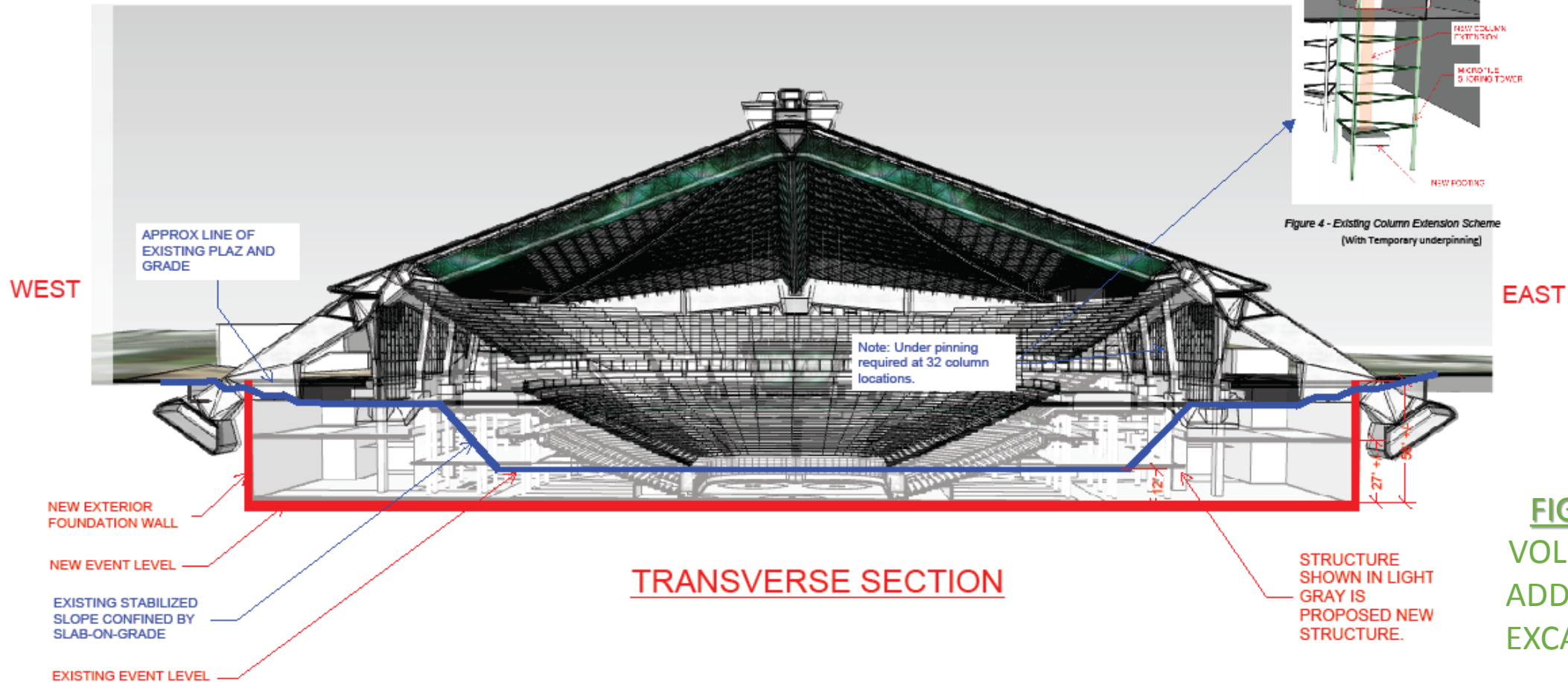


Figure 4 - Existing Column Extension Scheme (With Temporary underpinning)



**TRANSVERSE SECTION**

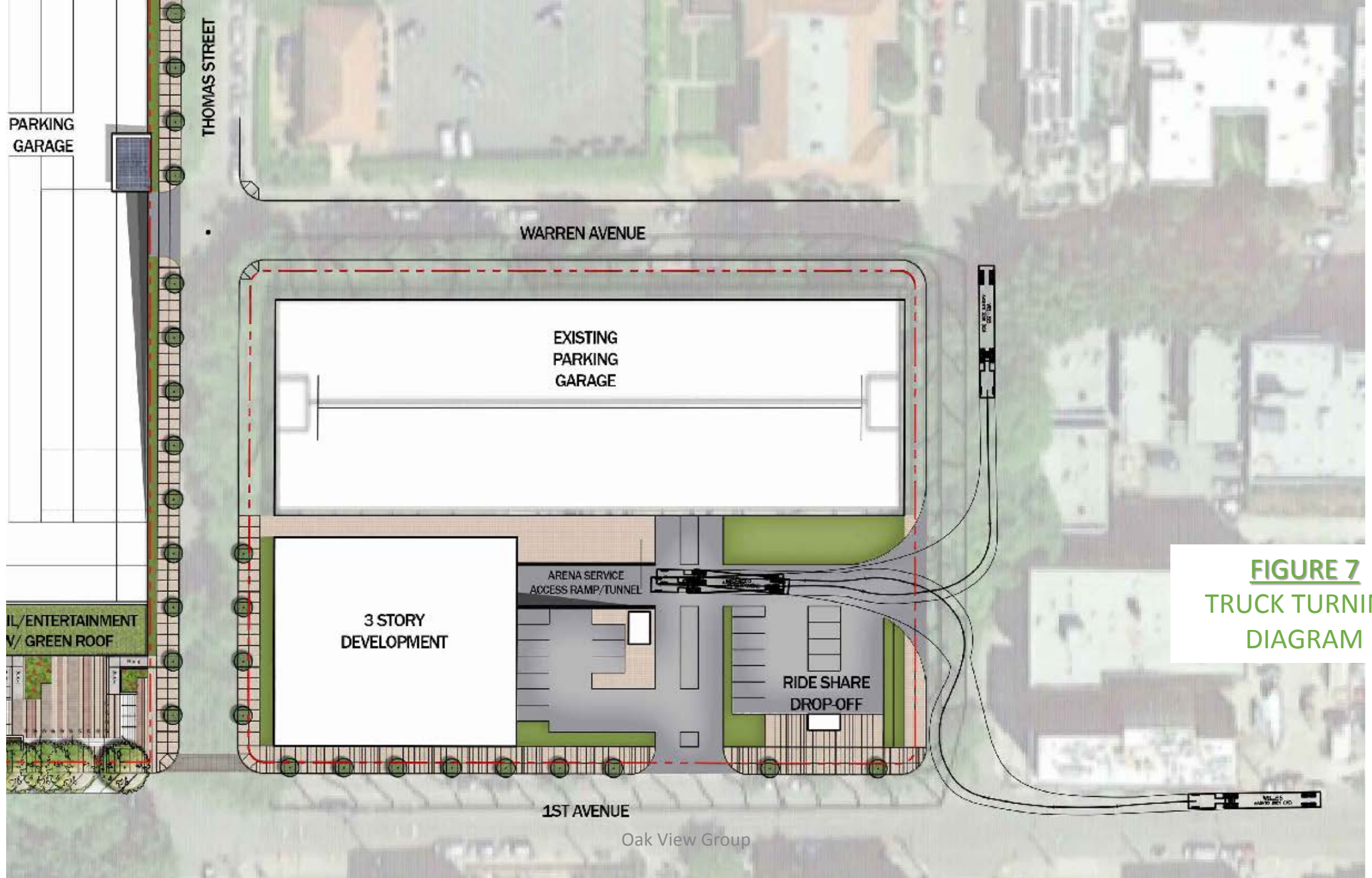
PARKING GARAGE AT SOUTH CREATES DIFFERENT CONDITION

STRUCTURE SHOWN IN LIGHT GRAY IS PROPOSED NEW STRUCTURE.

**FIGURE 6**  
VOLUME OF ADDITIONAL EXCAVATION

Note: at East and West (and North with easement variance), it may be possible to use permanent tiebacks with Z-Pile or H-Pile/Lagging and one side formed walls.





**FIGURE 7**  
TRUCK TURNING  
DIAGRAM



VIEW FROM CORNER OF 1st AVE & THOMAS ST



Oak View Group

**FIGURE 8**  
SEATTLE TIMES  
5/29/17



## **Design/Constructability Staff Review Team**

### **Team Members**

**Jill Crary, Seattle Center**

**Jae Lee, Seattle Center**

**Branin Burdette, SDCI**

**David Hudacek, SDCI**

**Quinn Majeski, OPI**

**Lyle Bicknell, OPCD**

**Karl Stichel, OED**

### **Consultants**

**Ken Johnsen, SOJ**

**James Poulson, Architect**

## **Seattle Partners:**

- A. Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.**

This is an area of weakness for this Proposer in comparison to the other proposal. They have come up with a creative solution to expanding the existing KeyArena to accommodate hockey to the south; however, many of the patron amenities remain hamstrung by the 1995 geometry which is essentially intact.

They have enlarged the building with two main moves: pushing out to the south, from the event floor to the roof addition, and moving the glass curtain walls on three sides – north, east and west – to the outer edge of the existing edge beam. This allows for entry at the suite level, east, west and south (Figure 1).

This enlarges the event floor and concourses and the event floor grows to the south - all enabling necessary program space, but as Figure 2, which shows KeyArena in red overlaid on SP’s floorplan, illustrates the building remains the same size in the other directions.

Loading begins on Thomas St. and a substantial portion of the new south end is taken up with the geometry of the truck ramp descending 35’ below grade.

The existing lower concourse becomes the club areas, but there is no view from the clubs into the seating bowl. The main concourse benefits from the movement of the glass and allows for more program, wider concourses, daylight and a view to the bowl for the premium seating – terrace tables and loge seats – at the back of the lower bowl. The lower is built on 34” deep risers, with 20” seats.

Both the basketball floor and hockey ice sheet will not be centered under the main east/west truss. It’s difficult to anticipate how patrons will experience this since the two main trusses and the sloping roof are such defining features (Figure 3). The seating bowl extends into the new south addition (Figure 4).

Their solution to the hockey/basketball end-zone gap appears to be portable floor seating, which will compromise site lines more in this area than the adjustable raked seating. There are sections of telescoping seating at the south end that retract for the stage location. (Figure 5)

The suite concourse grows with the south expansion and the suite count increases to 66. The movement of the glass adds enclosed entries east and west so patrons can enter at this level and then go up or down. The upper concourse is tight, and the upper bowl is essentially the current upper bowl, with 33" risers and new seats.

Their estimated percentage of reuse of the existing building is:

83% of roof

58% of concourses

**B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework ("UDF").**

This is a definite strength for this proposal in relation to the other proposal. They have a 360-degree focus on the exterior integration of the arena, both into the neighborhood and the Seattle Center campus, using open space, public art and pedestrian activation (Figure 6). However, funding for these elements does not appear to be in their proposal.

Understanding the value of Republican St. as a "Festival Street" and how it can draw the north end neighbors into the excitement of arena events meets an important UDF goal. Closing this block of Republican to vehicle traffic on event nights and using it for food trucks and other pedestrian activity would activate this important Uptown-Seattle Center connection and seamlessly merge the neighborhood with Center campus attractions.

The pedestrian connection from the Seattle Center to First Avenue N along the Arena's south facade supports the UDF's goal of increasing campus permeability. The plaza at the intersection of 1<sup>st</sup> Ave N and Thomas also furthers this objective. The new ticket office/team store along 1<sup>st</sup> Ave N and the "creative office"/retail building along Thomas St help hold the pedestrian edge. The lengthy curb-cut and truck entrance opening (we estimate over 100') near the Warren Ave intersection does not help the pedestrian environment.

**C. Provide for design, permitting, development, demolition (if applicable), and construction of the Arena (the "Project") with minimal City financial participation.**

**Schedule:**

Both projects will have the challenge of a new zoning code going into effect prior to vesting and should add time to their schedule to accommodate this issue.

The entitlement portion of their schedule shows a period from June 2017 to Nov. 2018, but is not detailed in any way, so we cannot evaluate this. They have a detailed construction schedule starting in November of 2018, and concluding in Jan. 2021. They also include an Operations schedule which shows pre-opening activities running until March 2021. The Operations schedule details help make this schedule more realistic and reflects this Proposer's extensive building commissioning/operations experience.

The imperative with a schedule this aggressive is to ensure that the City is not penalized in any way if or when the private developer is not able to meet the schedule. This will need to be addressed in negotiations with the successful proposer.

### **Budget:**

They are estimating \$366M as the hard costs for the arena site work. They have confirmed that the ticketing/team store to the west of the arena is included in this but the rest of the buildings and broader site improvements are not. Also, they are proposing to retain 58% of the existing concourses but their hard costs for the arena are higher than OVG. We believe this is due to a more conservative cost methodology than OVG's. Their team includes Sellen Construction, who has worked with local sub-contractors to develop pricing. They also have a larger contingency, \$88M vs. OVG's \$25M.

They have 1% for Art in their construction budget but no sales tax, and note that in another section of the RFP they indicate their expectation/hope to not pay this and other taxes, fees, etc

As with the schedule, what is important is that the City not be responsible for any cost overruns. Proposers will need to "own" their budget as well as their schedule and the City will need to guard against risk-shifting language on either of these issues.

### **Landmarks:**

Assuming a Landmarks designation and Controls and Incentives for the exterior of the current facility, this Proposer's design seems very challenging regarding the Landmark process. On three sides, they move the glass towards the outside of the edge beam. This move alone seems a reasonable alteration to take through the Landmarks Certificate of Approval process. But while they say they have left the historic roofline intact, in fact they have removed the south glass, edge beam, buttress, and a portion of the current roof to adjust the slope for the extension of new roof over their enlarged seating bowl. They estimate that they leave 83% of the roof intact. Finding an acceptable way to do this with the Landmarks Board could prove difficult. This is a weakness in their proposal.

Anticipating a possible designation for the "Bressi Garage" on the 1<sup>st</sup> Ave N site, and acknowledging that their proposed development on this site has no programmatic or financial nexus to the arena, our Review Team suggests that any development on south site be deferred to a future phase.

### **Zoning & Other issues:**

The new building along Thomas St. is two blocks long, which will exceed maximum width in the new, Seattle Mixed, zoning.

Without any detail in the entitlement schedule, our Review Team cannot fully assess how or if the zoning and related issues are understood by the Proposer.

### **D. Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.**

From a design perspective, this could be a weakness for this proposal as the building remains constrained in critical levels and in the seating bowl for future flexibility. The premium seating is limited – suites behind the stage at concerts and clubs without views of the bowl were failures in the current building - and yet this Proposer has the highest revenue estimates. They also are

looking for City bonding. We will leave a thorough analysis to the Operations and Financial Team.

**E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

They propose to close one block of Thomas St during construction.

During operation, there is concern about truck loading at the Thomas/Warren intersection. Their truck-turning diagram shows access only from Warren but the narrative discusses entry from Warren and Thomas (Figure 7). We suggest they investigate the Barclays Center's solution of using truck elevators and turn-tables before finalizing this design element.

Overall, while their truck loading solution is weaker than OVG's, their freight mobility plan and overall responses are stronger and more detailed than OVG's. We will leave the complete analysis to the Transportation Team.

**F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City's Race and Social Justice Initiative.**

At the presentation, they verbally committed to the construction related Community Workforce Agreement. That is a small part of an authentic approach to equitable development and we will leave the complete assessment to the Social Equity Team.

**G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**

The Century 21 Master Plan Goals listed in the RFP are:

- Long term investments should enhance the Center's ability to meet its mission, bringing people together to share our communal artistic, civic and cultural expressions.
- The campus should provide programs, services and attractions for people of every age, background, heritage, culture and ability as well as for neighborhood residents and workers who may visit every day and for those who travel distances to get here.
- Seattle Center should strive to enliven the campus throughout the hours of the day and the days of the year, balancing out the peaks and valleys of programs and activities.
- The International Fountain and open space around it should be preserved as the "heart" of Seattle Center.
- Development should invigorate and update the campus to appeal to the next generation of users, yet changes should honor the campus' historic character.
- Pedestrian friendly planning should unify the campus, enhancing the comfort and safety of people on foot.
- All planning and design work should promote environmental sustainability.
- Pathways and pedestrian connections into and through the campus should be clearly legible.
- Design should emphasize flexibility, vibrancy, legibility and artistic expression.

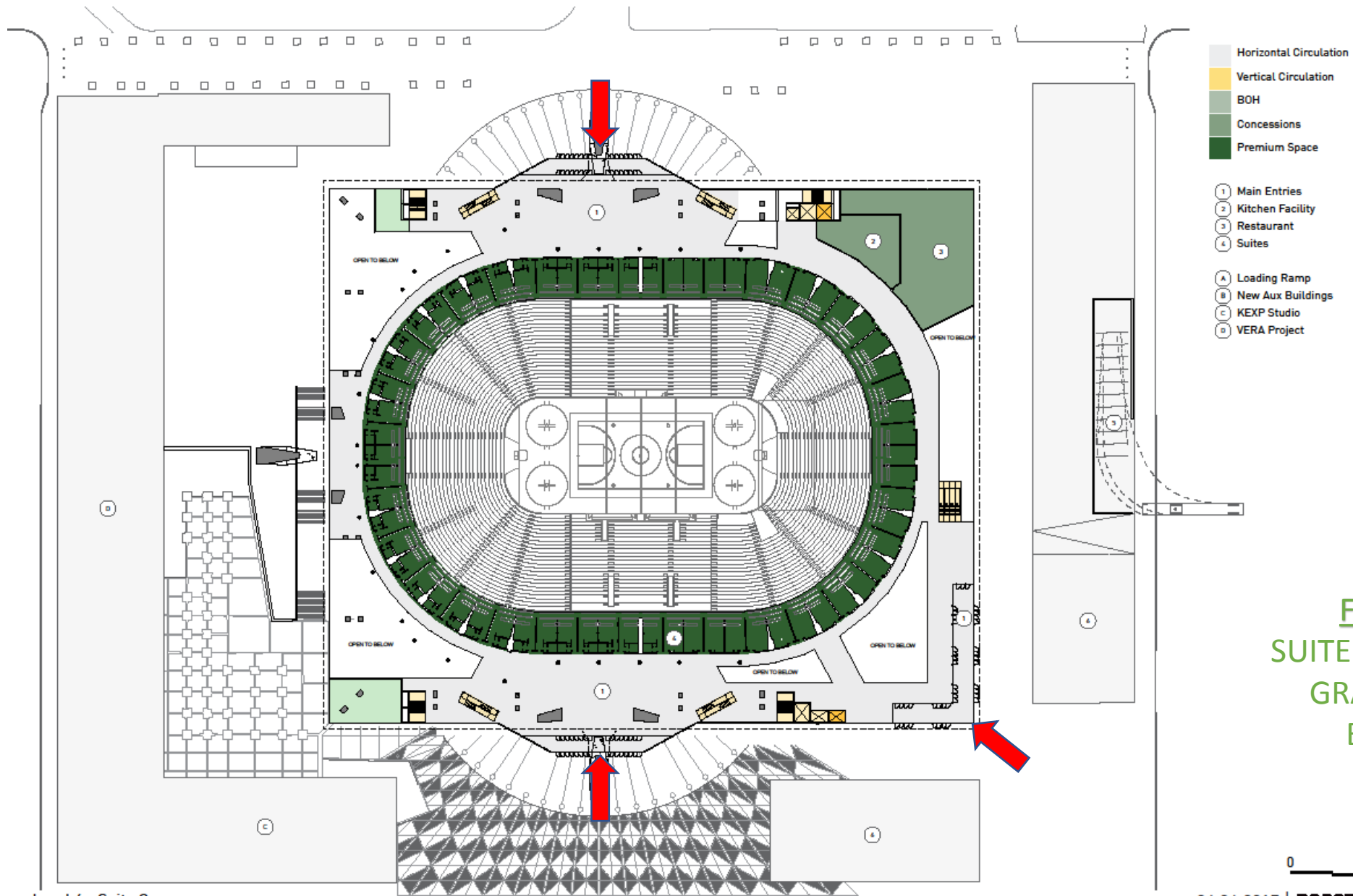
- Campus edges should open to the community and entries should be inviting and festive.
- Future Seattle Center development should build on the tradition of being a good neighbor to surrounding residents and businesses.
- Transportation planning must be a central element of any development.

Clearly the Seattle Partners proposal meets many of these objectives with their proposed long-term investment in a renovated arena and their focus on the campus connections and porous edges, both physical and programmatic. Their focus on the pedestrian connection to and around the arena improves the campus entry experience for the community and their attention to public art enhances the campus for all who come, with or without a ticket.

Much of their programmatic connection rests with their proposal to relocate displaced tenants in their new “creative office” building; however, it is not funded in their construction budget so their commitment to this needs to be assessed. As well, we have noted concern about their Landmark designation strategy.

Overall, their awareness of the need for comprehensive site integration is encouraging, even if it remains unfunded. This external perspective on the neighborhood and campus surrounding the arena is the real strength of their proposal and could contribute to the vibrancy of Seattle Center, provided the weaknesses in the arena design are addressable.

There are unrealized opportunities to integrate a vista to the east with both projects as a reknitted Harrison St. will make this building visible and accessible from South Lake Union. To fully meet the Master Plan Design Guidelines, both of these proposals would benefit from the early engagement of a Landscape Architect with experience with public open space.

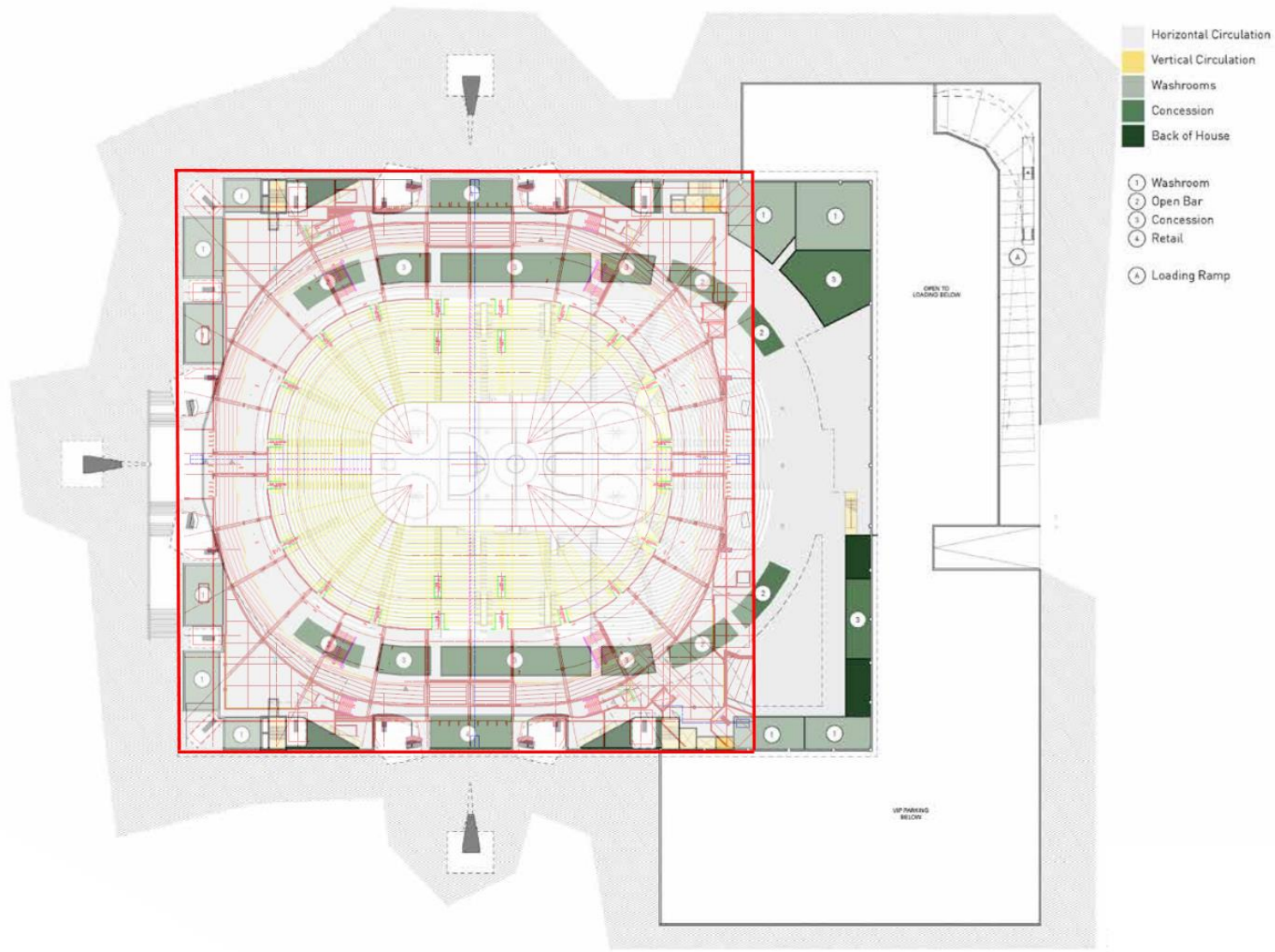


Level 4 - Suite Concourse

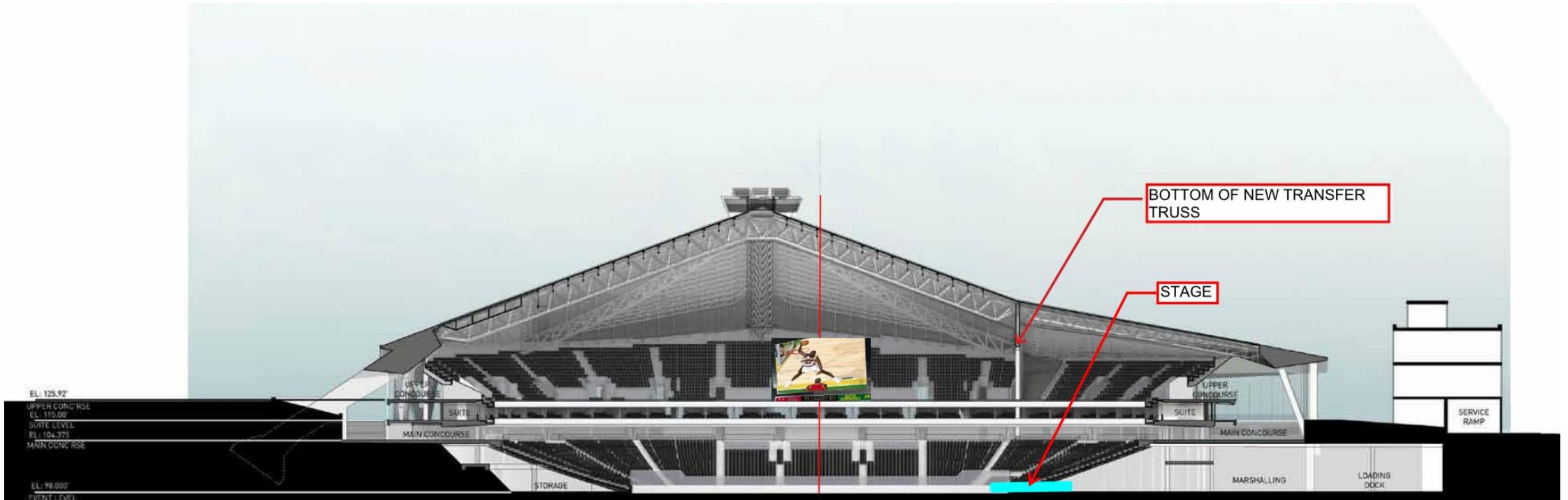
Seattle Partners

04.06.2017 | ROSSETTI

**FIGURE 1**  
**SUITE CONCOURSE**  
**GRADE LEVEL**  
**ENTRIES**



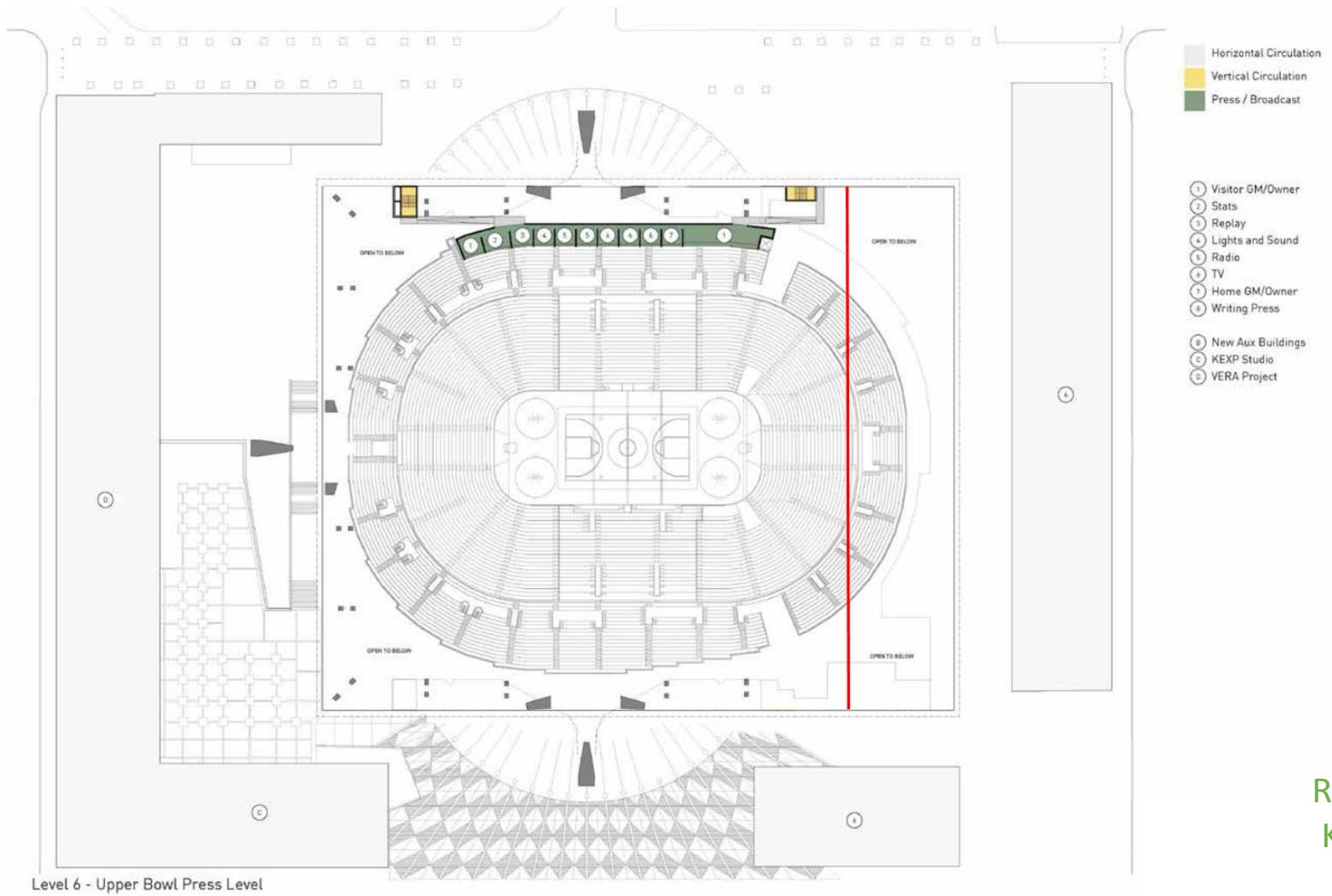
**FIGURE 2**  
CURRENT KEY ARENA,  
OUTLINE IN RED



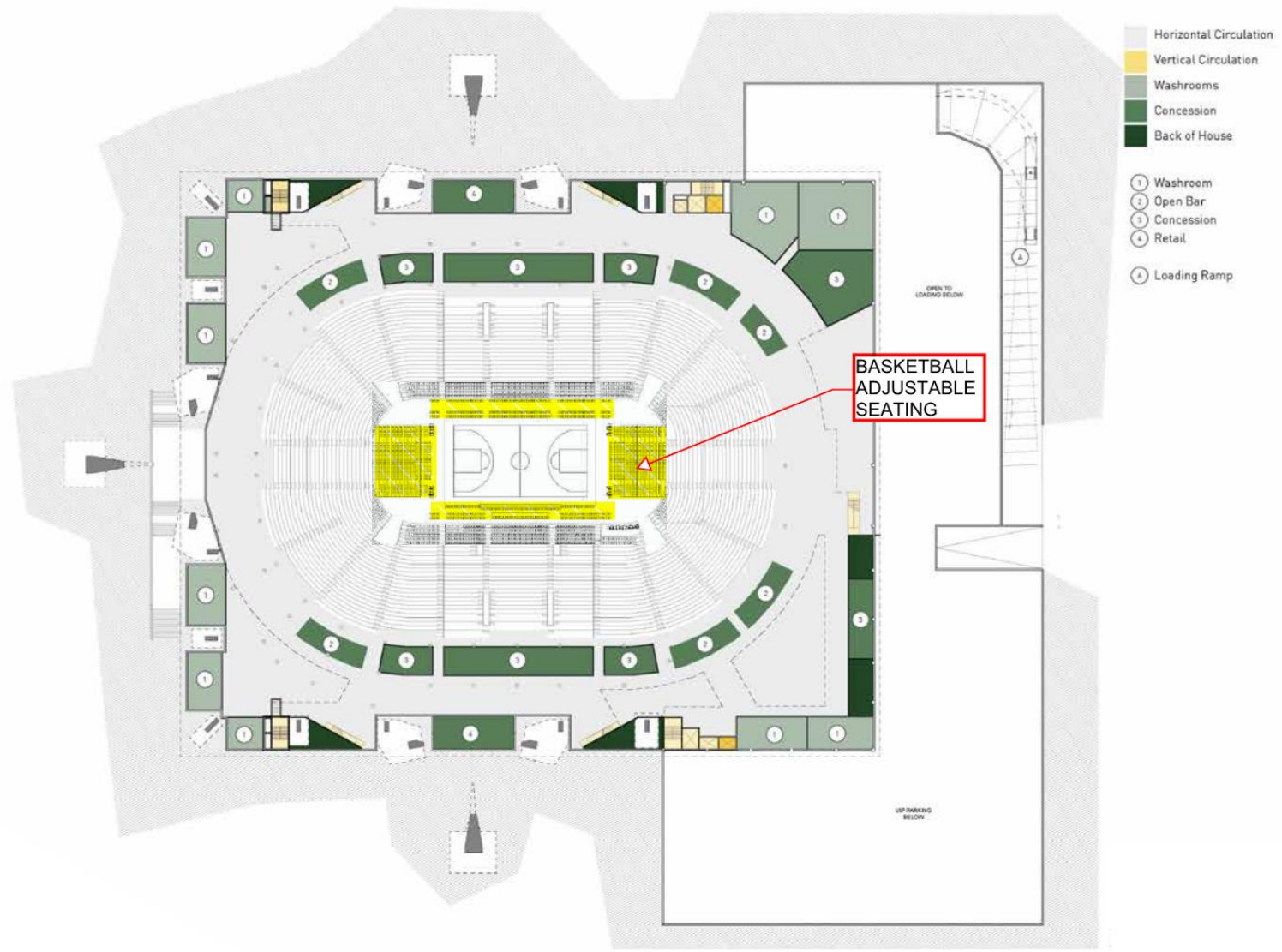
**FIGURE 3**

**NOTE:**  
SCOREBOARD OFF CENTER  
LOCATION AND TRANSFER  
TRUSS/STAGE RELATIONSHIP



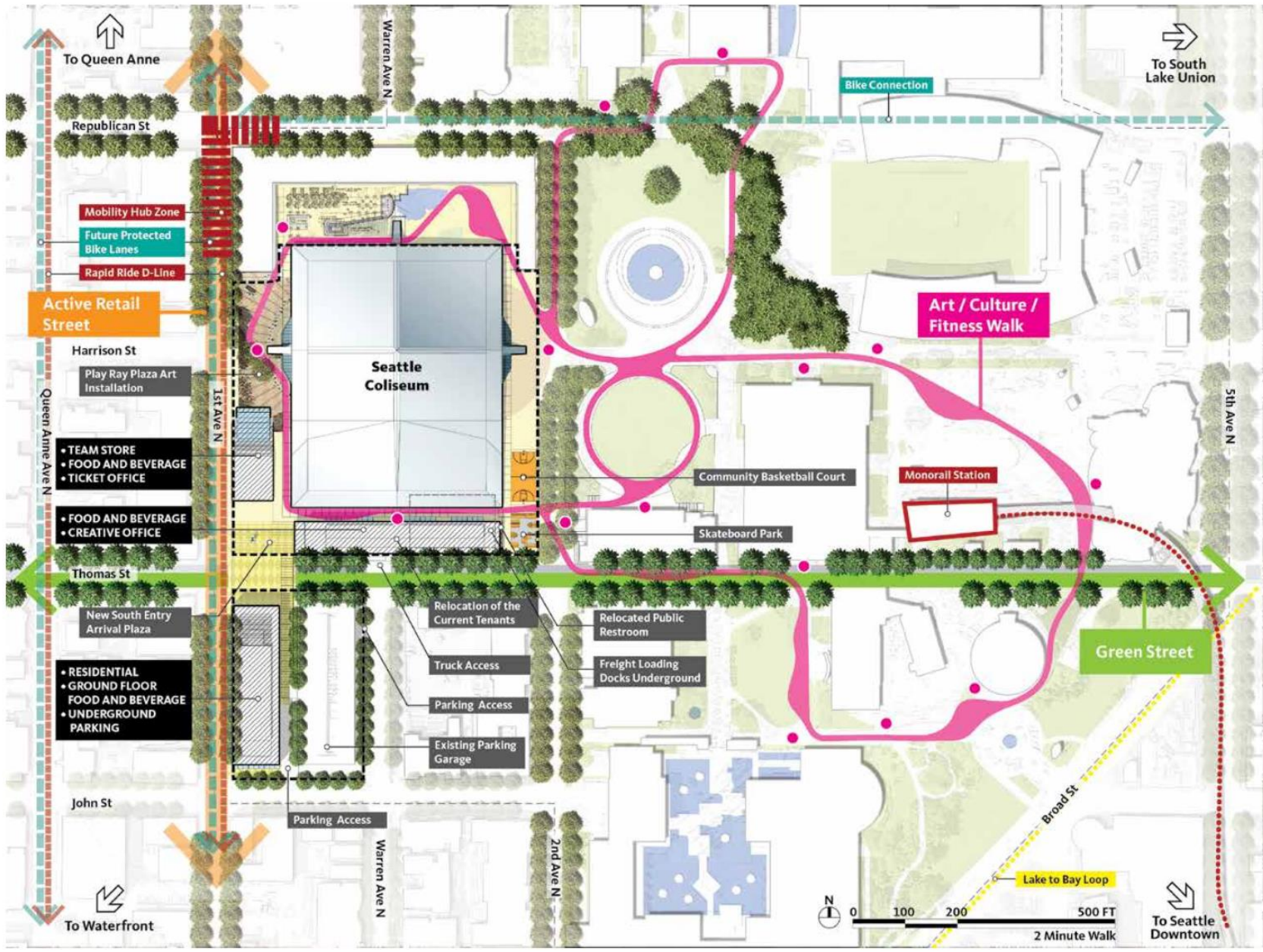


**FIGURE 4**  
**RED LINE INDICATES**  
**KEY ARENA SOUTH**  
**EDGE**



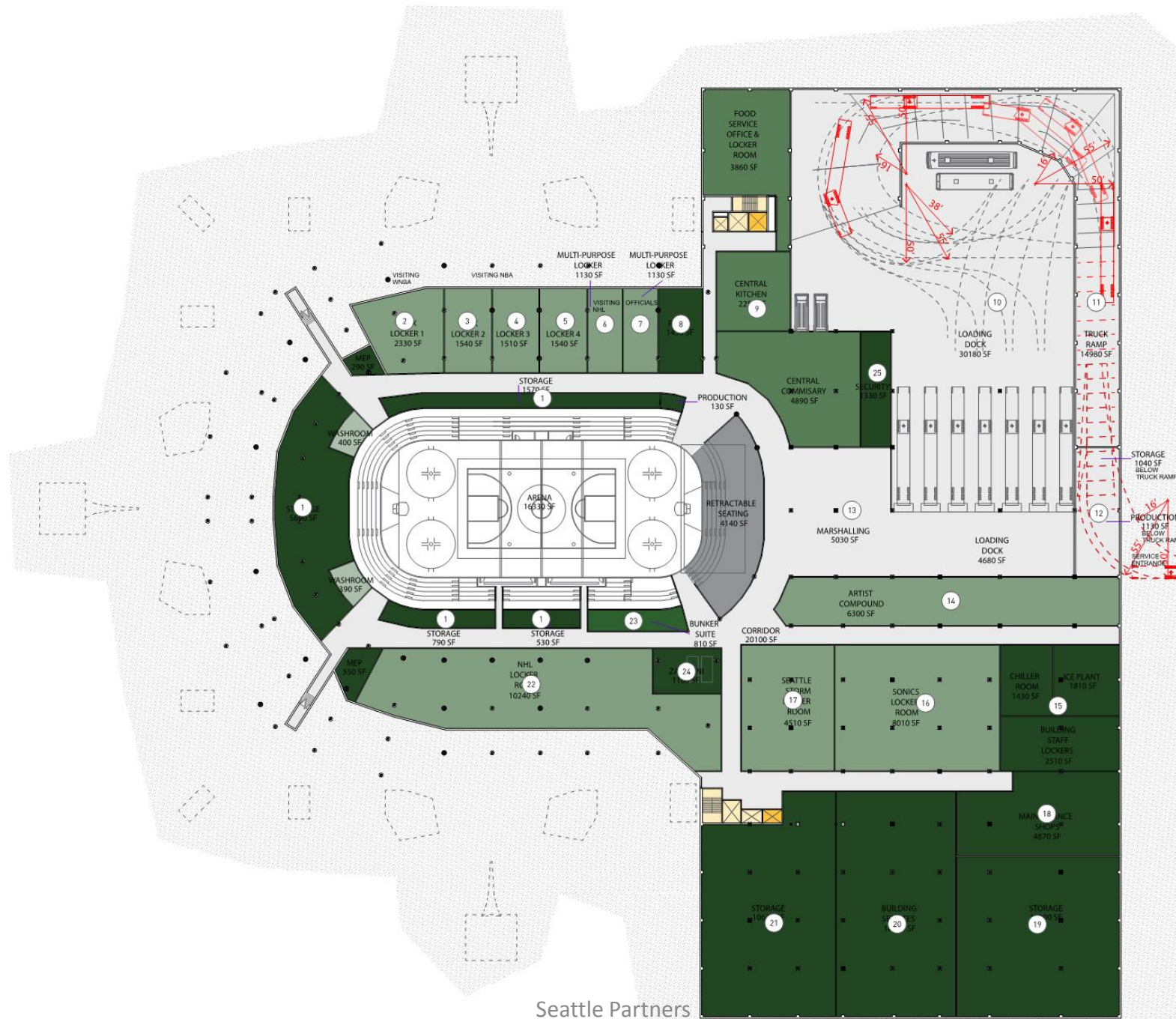
**FIGURE 5**





**FIGURE 6**  
 PROPOSER ATTENTION  
 TO SITE INTEGRATION





- Horizontal Circulation
  - Vertical Circulation
  - Performer Space
  - Back of House
  - Stage location
- 1 Storage
  - 2 Aux/Visitor WNBA Locker
  - 3 Aux/Visitor NHL/NBA Locker
  - 4 Aux/Visitor NHL/NBA Locker
  - 5 Aux Locker Room
  - 6 AUX Locker Room
  - 7 Official Locker Room
  - 8 Press Room
  - 9 Kitchen/Commissary/Storage
  - 10 Loading Dock
  - 11 Loading Ramp
  - 12 Production Compound
  - 13 Marshalling Zone
  - 14 Artist Compound
  - 15 Building Services
  - 16 Sonics Locker Room
  - 17 Storm Locker Room
  - 18 Maintenance Shop
  - 19 Storage
  - 20 Building Services
  - 21 Storage
  - 22 NHL Locker Room
  - 23 Bunker Suite
  - 24 Zamboni
  - 25 Security

**FIGURE 7**  
**TRUCK TURNING**  
**DIAGRAM**



**Finance Review Team Evaluation**

*May 31, 2017*

**OAK VIEW GROUP**

**A. Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.**

Oak View Group (OVG) and its partners (i.e. The Madison Square Garden Company) appear to have the experience, capability, and resources to contribute significant equity and secure the financing it requires to provide a world-class civic arena. While OVG is a relatively new company (formed in 2015), its principals, partners, and lender have decades of experience building, operating, and financing comparable world-class arenas with municipalities in the U.S. and around the world. However, while the individual members of the proposer group have experience in their respective areas of expertise, OVG as an entity does not currently own or operate any arenas. This is an identified risk.

An in-depth financial analysis of the company and its partners has not been conducted, but with OVG’s principals’ experience and financial support from The Madison Square Garden Company, we can reasonably assume that OVG and its partners would have a good chance to secure the construction and long-term debt necessary to construct and operate the arena. Additionally, it seems to be a reasonable assumption that this group could raise and contribute equity to the project in excess of \$277 million, as currently proposed.

Prior to signing an agreement with OVG, the Finance Review Team recommends a more in-depth financial review of the entity and its partners.

**B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework (“UDF”).**

No Finance Review Team comments anticipated.

**C. Provide for design, permitting, development, demolition (if applicable), and construction of the Arena (the “Project”) with minimal City financial participation.**

OVG provided the following sources and uses statement:

Sources		Uses	
Owner’s Equity	\$277,200,000*	Construction/Design	\$485,000,000
ArenaCo Takeout Financing	196,900,000*	Parking Garage	25,000,000
Historic Tax Credits	50,000,000	Interest During Construction	12,500,000
City Tax Reinvestment of Arena Revenues	40,000,000	Cost of Loan Issuance	11,200,000
		Debt Service Reserve Fund (Takeout Financing)	14,100,000
		Contingency	16,300,000
<b>Total Sources</b>	<b>\$564,100,000</b>	<b>Total Uses</b>	<b>\$564,100,000</b>

\* Should there be an NHL or NBA team as an anchor tenant, the debt capacity could potentially increase by as much as \$100 million – \$150 million and would likely be used to decrease owner’s equity.

The City's Design/Constructability Team is doing the financial assessment related to the appropriateness and feasibility of the construction budgets.

A major strength of OVG's construction financing proposal is that it does not require City financing (i.e. no bonds issued or new taxes proposed). However, there is a request for City reinvestment of the incremental tax revenue derived from the arena, which would be invested annually, and for the City to allow OVG to operate all three of Seattle Center's other parking garages and develop a revenue-sharing agreement with the City.

On the revenue side, the City would generally receive the same level of tax revenues related to the arena and parking it currently receives, and OVG would also provide the same level of parking revenue (e.g. based on a trailing average of prior years and adjusted for inflation). However, as noted above, the incremental taxes and parking revenue amount above a to-be-determined baseline would be invested into the project or captured by OVG. If the proposal is selected, there may be an opportunity to further refine the revenue streams.

The ability to secure financing will rely on the projected revenue generated by the arena for OVG as its lender, Goldman Sachs, will encumber the leasehold interest in the property. In Section D, the team notes that revenue projections appear to be optimistic. The team continues to evaluate tax and revenue implications as more detailed information is provided by the proposer. See Section D for more operational revenue details.

#### *Private Financing Details*

Some current leaseholders at Seattle Center have private financing related to their operations. Center expects that a private financing package for OVG would not obligate the City to any greater extent than do current arrangements. The private financing is proposed as follows:

- \$196.9 million permanent loan/bonds with a 25 year term
- Backloaded debt service payments: \$12.75 million in year 1 and increasing 2% per year
- The City's contribution to the OVG debt payment or operations would begin in the first year of arena operations.

#### *Historic Tax Credits*

OVG proposes using the Federal historic tax credit program to offset its capital contribution. The proposal estimates equity received from the tax credits to be \$50 million. OVG's historic tax credit consultant has been working to ensure the project is eligible for the National Register of Historic Places, an eligibility requirement for the tax credits. The Washington State Department of Archaeology & Historic Preservation concurs the building is eligible for listing in the National Register of Historic Places. A preliminary decision letter from the department is included in the OVG proposal.

OVG obtained Federal historic tax credits on the reuse of The Forum in Los Angeles and is using the same consultant for the KeyArena project. While it appears OVG is capable in securing these tax credits and structuring them in a way to get equity into the project sooner rather than later, OVG also wrote it would provide the \$50 million in equity upfront, thereby removing the risk of not securing the necessary capital for the project in time.

*Preservation Controls and Incentives*

To decrease its equity stake, OVG proposes exploring other financial incentives, including funds associated with landmark designation economic incentives, such as the sale of landmark transferable development rights (TDRs). For KeyArena, TDRs may not be a viable option as (1) Uptown does not currently have that option but it could be created with an up-zone as part of an incentive zoning program; (2) if implemented, the incentive zoning program would be relatively small; (3) if the arena sold its TDRs, which cannot be transferred outside of Uptown, it would flood the market and likely drive the values down. More information would be needed in order to evaluate this aspect of the proposal and other incentives proposed.

*Deposit*

OVG proposes a \$100,000 deposit upon execution of the Lease Agreement and Development Agreement. On a roughly half-billion-dollar project, this deposit amount is low. This is a weakness in their proposal.

**D. Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.**

Overall, the operating proforma is optimistic for a building without an NBA or NHL franchise as an anchor tenant. The sponsorship and premium seating revenue estimates appear to be especially optimistic but not necessarily impossible to achieve. Recent financial commitments OVG made since the original submission of the proposal (e.g. \$2 million for the monorail) are not reflected in the original capital budget, projected debt service, or operating costs.

The projected naming, sponsorship, and premium seating revenues account for 59% of total revenues. In 2015, AECOM prepared a report estimating arena revenues and expenses for a modernized KeyArena and a renovated arena with (a) an NBA team or (b) an NBA and NHL team. The table below provides a comparison of OVG’s proposal, KeyArena’s current revenues, and AECOM’s projected revenue estimates.

(\$000s)	Oak View Group No NBA or NHL (Year 1)	KeyArena (2016)	AECOM Modernized Arena, No NBA, NHL (2020)	AECOM Upgraded Arena w/ NBA, or NBA and NHL (2020)
Naming	5,000	0	1,177	3,000 or 5,000
Sponsorship	7,500	355	358	6,000 or 8,000
Premium Seating	9,500	1,550	992	Team controls
<b>Total</b>	<b>22,000</b>	<b>1,905</b>	<b>2,527</b>	<b>9,000 or 13,000</b>

Some additional proforma notes:

- The \$25 million proposed investment from the Port of Seattle for the parking garage is uncertain. OVG notes they are committed to finding a solution if the Port does not provide funding and will not ask the City to fund the garage.
- To date, OVG has provided minimal event projections and assumptions, so thorough evaluation is difficult.

- Expense projections are lower than the other proposal while the projected number of events is higher than the other proposal.
- Seattle Storm, Bumbershoot, and the Seattle/King County Medical Clinic will be accommodated. Seattle University will not play at the arena.

#### *City Financial Support for Operations*

While the City is not being asked to provide upfront capital for the project, the City would provide financial support over the life of the project. The City would:

- Essentially provide use of the land and facilities rent free for the length of the agreement: 35-year initial term and five, 10-year extensions. Rent is proposed but paid by incremental taxes. OVG further clarified its proposal and indicated a willingness to negotiate these terms further.
- Contribute incremental tax revenues generated by the facility for the length of the agreement. OVG identifies this amount as \$40 million in its sources and uses.
- Transfer control and management of all Seattle Center parking garages to OVG and forego all parking revenue growth from the \$4 million net revenue.

#### *Sustainable Operation – Reserves*

A capital reserve account is established with regular, ongoing contributions. OVG also commits to funding any other modernization efforts that will exceed funds held in the reserve account.

#### **E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

No Finance Review Team comments anticipated.

#### **F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City’s Race and Social Justice Initiative.**

No Finance Review Team comments anticipated.

#### **G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**

While OVG’s commitment to make a significant contribution to the community through a new not-for-profit organization is laudable, OVG’s efforts to integrate with Seattle Center and address the needs and interests of tenants, users, and the community appears to be a weakness in their proposal, supported by the following notes:

- OVG proposes taking over management of Seattle Center’s two other garages with net revenue of approximately \$4 million. Parking revenue accounts for more than 20% of Seattle Center’s earned revenues, and parking and traffic are one of the biggest issues for resident tenants. Primary concerns are:
  - Ensuring that pricing and management of the garages considers the needs and requirements of all the organizations at Seattle Center, not just arena management.



- Loss of sustained parking revenue growth above current levels.
- Blue Spruce tenants are not relocated, although up to \$500,000 in funding is committed to help relocation efforts.
- Although funding and relocation assistance are offered, the future location of Pottery Northwest and the Gardener's Complex are not identified. The proposed building on the South Site current site is not funded in the construction budget and neither revenues nor expenses are included in the proforma. Because the site is not necessary for the success of the arena, offering the proposer use of the site could be reconsidered.
- OVG offers to assist in the relocation efforts for the skateboard park but siting at Seattle Center appears unlikely.

**Finance Review Team Evaluation**  
*May 31, 2017*

**SEATTLE PARTNERS**

**A. Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.**

Seattle Partners (SP) appears to have the experience, capability, and resources to contribute significant equity and provide a world-class civic arena. SP is a partnership between AEG and Hudson Pacific Properties. AEG is a well-recognized leader in the music, entertainment, and sports industry and has decades of experience building and operating comparable world-class arenas with municipalities in the U.S. and around the world. AEG’s experience is a major strength, and it is unrivaled in the arena and facility management industry. While an in-depth financial analysis of the company and its partners has not been conducted, given AEG’s experience, world-wide operations, and partnership with Hudson Pacific Properties, it seems to be a reasonable assumption that this group could contribute equity to the project in excess of \$270 million, as currently proposed.

Prior to signing an agreement with SP, the Finance Review Team recommends a more in-depth financial review of the entity and its partners.

**B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework (“UDF”).**

No Finance Review Team comments anticipated.

**C. Provide for design, permitting, development, demolition (if applicable), and construction of the Arena (the “Project”) with minimal City financial participation.**

SP provided the following sources and uses statement:

Sources		Uses	
Arena Revenue Bonds (City)	\$250,000,000	Construction/Design	\$546,250,045
Owner’s Equity	271,448,133	Capitalized Interest, Bonds	23,006,250
		Government Fees/Taxes	(47,808,162)
<b>Total Sources</b>	<b>\$521,448,133</b>	<b>Total Uses</b>	<b>\$521,448,133</b>

The City’s Design/Constructability Team is doing the financial assessment related to the appropriateness and feasibility of the construction budgets. The sources and uses assumes forgiveness or waiver of some government fees and taxes which are beyond the City’s control (e.g. state portion of sales taxes on construction). It is highly unlikely that the County or State would waive their portions of these taxes and fees, and if they do not, SP would like to explore other in-kind support or tax relief.

A weakness of SP’s financing proposal is that it requires significant City financial participation, an upfront infusion of funding from the issuance of bonds supported by incremental tax revenues. To benefit from

the relatively lower cost of financing, as desired by the proposer, these bonds would need to be issued with the full faith and credit of the City. The proposed \$250 million in bonds with a 30-year term would be the largest debt offering in the City's history. That said, it is well within the City's current bonding capacity and would leave the City with sufficient unused capacity for purposes beyond the City's current obligations.

The debt service is currently assumed to have backloaded payments with \$11.25 million in year one with payments increasing 2.58% annually. In SP's financial model, the bonds are assumed to be two years of interest-only payments during the construction period, but SP indicated it could be flexible and pay fully-amortizing from the start. Backloaded debt, while common for private ventures, is not current practice for the City and is not considered a desirable approach. The proposal includes \$23 million in capitalized interest, which is when a portion of the bond proceeds is set aside to pay bond interest until the arena begins to generate revenue. This practice is well outside of the City's traditional financing structures. It adds risk because it places more reliance on future revenue growth. SP indicated it would be open to working with the City to design an approach that would work for both parties.

Given the public financing is guaranteed by the full faith and credit of the City, rating agencies would probably note and monitor such a large bond offering from the City for an arena. However, the proposed arrangement would not be likely to cause a downgrade of the City's credit rating. From the City's perspective, to evaluate the risk associated with repayment of the bonds, it requires an analysis of the proposed revenue streams to pay the debt service. SP proposed the following (shows Year 1 projected revenue and the Annual Increase):

- City incremental tax revenue: \$3.6 million/2.9%
- Per ticket facility fee: \$3.9 million/2.3%
- SP rent payment: \$5.0 million/2.0%

While the above revenues would be the primary source of repayment, to the extent the above sources do not cover debt payments in any given year, AEG (and/or its partners) will guaranty the debt payment. From the proposal: "For any fiscal year during the term of the Lease Agreement in which the payment of Rent and the Facility Fee and City's receipt of incremental tax revenues do not fully satisfy City's annual repayment obligations on the City Bonds, Seattle Partners will make a payment to City in the amount of such shortfall." SP clarified this further during in-person meetings and in writing that surplus proceeds would be for the benefit of the City to use at the City's discretion. However, if a surplus year follows a shortfall year, the City will first refund SP for its preceding shortfall payment from surplus proceeds. This is on a year-by-year basis, so the surplus is not cumulative and would not be applied to a future shortfall. A similar guaranty arrangement—AEG's agreement with Los Angeles for \$58 million in public financing in bonds and reserves for the Staples Center—resulted in AEG fulfilling its guarantor obligations to make small additional payments in the early years.

Given the reliance on revenue streams to pay the debt service, an in-depth analysis of the viability of the projected revenue is warranted. Based on the initial review, the sustainability of selected revenue sources is a significant concern. See Section D below for more operational revenue details.

#### *Deposit*

SP proposes a \$5,000,000 deposit upon execution of the Development Agreement. The multi-million-dollar deposit demonstrates the proposer's confidence in its ability to execute its development plan. This is a strength in their proposal.

**D. Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.**

Overall, the operating proforma is optimistic and aggressive. The sponsorship and premium seating revenues, accounting for 71% of total revenues, are extremely optimistic, especially for a building without an NBA or NHL franchise. This portion of the proforma is considered a weakness as it calls into question the sustainability of the project under the proposed terms. In 2015, AECOM prepared a report, estimating arena revenues and expenses for a modernized KeyArena and a renovated arena with (a) an NBA team or (b) an NBA and NHL team. The table below provides a comparison of SP’s proposal, KeyArena’s current revenues, and AECOM’s projected revenue estimates.

(\$000s)	Seattle Partners No NBA or NHL (Year 1)	KeyArena (2016)	AECOM Modernized Arena, No NBA, NHL (2020)	AECOM Upgraded Arena w/ NBA, or NBA and NHL (2020)
Naming	In sponsorship #s	0	1,177	3,000 or 5,000
Sponsorship	16,331	355	358	6,000 or 8,000
Premium Seating	22,898	1,550	992	Team controls
<b>Total</b>	<b>39,229</b>	<b>1,905</b>	<b>2,527</b>	<b>9,000 or 13,000</b>

Some additional proforma notes:

- Event projections, while optimistic, are achievable. The proforma for a stabilized year, among other events, assumes 24 Tier-1 concerts, 18 Tier-2 concerts, and 20 of the less-profitable family events. In 2016, KeyArena had 25 total concerts and six family shows.
- Expense projections are similar for each proposer and appear reasonable.
- Seattle Storm, Bumbershoot and the Seattle/King County Medical Clinic will be accommodated. Seattle University will not play at the arena.

*City Financial Support for Operations*

In addition to the upfront capital investment, the City would:

- Essentially provide use of the land and facilities rent free for the length of the agreement as the rent paid by Seattle Partners would go towards bond repayment. The agreement is for a 35-year initial term and three, 10-year extensions.
- Contribute all incremental tax revenues generated by the facility for the length of the agreement to debt service, with any incremental taxes or facility fees in excess of the debt service requirements going to the City.
- Pay for any growth in utility costs beyond inflation.
- Forego campus sponsorship revenue growth that would exceed inflation.

While the team has not yet confirmed or completed its own tax revenue analysis, if the proposer’s proforma estimates are realized, over the initial term, these costs would be partially offset by \$144 million in cumulative net revenues after debt service.

*Sustainable Operation – Reserves*

A capital reserve account is established with regular, ongoing contributions. While the proforma estimates significant net cash flow for the facility, the sustainability of the facility is dependent on the

success of premium seating and sponsorship programs, calling into question its sustainability. SP commits to covering any shortfalls but sustained losses frequently motivate tenants to seek restructuring of lease terms.

**E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

No Finance Review Team comments anticipated.

**F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City's Race and Social Justice Initiative.**

No Finance Review Team comments anticipated.

**G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**

One concern related to the operational integration with Seattle Center is SP's proposal to take over sponsorship rights for the entire Seattle Center campus, currently generating approximately \$580,000 net revenue for Seattle Center and additional programming sponsorships provided to the Seattle Center Foundation. While the City is willing to consider this proposal, the primary concerns are:

- Increased commercialization of Seattle Center (e.g. potentially, commercial names for public spaces, the addition of intrusive signage, and advertising in park spaces).
- Loss of control of the image and branding of Seattle Center.
- Honoring contractual commitments to existing tenants and clients.
- Loss of sustained sponsorship revenue growth above current levels.

While low on details, one of the proposal's strengths is the attempt to integrate with Seattle Center and address the needs and interests of tenants, users, and the community. Some examples of this positive effort include:

- Current tenants of the Blue Spruce will be provided space in the new building adjacent to the arena, although the financial and operational terms of that use are unclear.
- The skateboard park is relocated within the site and a basketball court is added. Maintenance responsibilities are not addressed in the proposal.
- The future of Pottery Northwest and the Gardener's Complex are not addressed. The proposed building on their current site is not funded in the construction budget and neither revenues nor expenses are included in the proforma. Because the site is not necessary for the success of the arena, offering the proposer use of the site could be reconsidered.

## OPERATIONS TEAM REVIEW OF OAK VIEW GROUP & SEATTLE PARTNERS

**Marc Jones, Director Marketing & Business Development Seattle Center/KeyArena**

**Sara Belz, Strategic Advisory Seattle Department of Neighborhoods**

**Lance Miller, Campus Manager Seattle Center**

**Edie Burke, KeyArena Manager Seattle Center**

### Oak View Group (OVG)

- A. *Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.***

**Strengths:** OVG offers a strong design, backed by an experienced project team with extensive background in music/entertainment and professional sports to provide a world-class arena. The design accepts the constraint of KeyArena’s existing roof line (likely to be landmarked) and took on the challenge of designing the best possible facility they could within that parameter. Proposed design also seems to meet recent NBA/NHL requirements with capacities that are greater than or equal to recent arena projects in Sacramento (Golden One Arena), Las Vegas (T-Mobile Arena) and Brooklyn (Barclay’s Center). Each of these projects has followed recent trends of smaller capacity facilities (to help drive demand and easier sell-outs) with higher emphasis on flexible premium and club seating offerings concentrated in arena lower bowls.

OVG digs down 15 feet below the current floor to expand the arena to 660,000 sq. ft. They close the current east and west main entrances and build a new atrium with entrances at the southern end of the arena. The expanded floor plate gives them capacity to build new amenities to support the facilities of many lines of business (club space, premium seating, concessions, etc.) and create capacity for more operational efficiencies (larger event level, elevators in four corners). This would still be one of the smaller facilities, but slightly larger than the recently constructed T-Mobile Arena in Las Vegas which is 650,000 sq. ft.

NBA configuration is planned to have 9,900 seats in the lower bowl with 18,350 total seats, which is above capacities for recent NBA Arena’s that have been constructed. The NHL configuration will have 8,650 seats in the lower bowl with a total capacity of 17,100 seats, which is also just above capacities for recently constructed NHL Arenas. OVG designs have a larger concentration of club seats and various other premium seating options with views into the bowl, this is a strength for this proposer, because it will allow for higher revenue opportunity and flexibility to deal with premium needs of the various types of events in the facility.

OVG maintains the historic roof, but completely guts and remodels the interior, with a full rebuild of the lower and upper bowl—offering what seems to be a new arena under the historic roof.

OVG has excellent contacts with the NHL to position Seattle as a home for a franchise. They partner with Delaware North concessions which brings in Jeremy Jacobs, who owns the Boston Bruins and serves as the Chairman of the NHL Board of Governors. OVG CEO Tim Leiweke sat on the NHL executive committee and has been president of the Toronto Maple Leafs and Los Angeles Kings. It seems their designs work well to accommodate NHL with the ice/bunker suites, press boxes and large amount of seating on the east/west side of the arena.

The ability to program a robust mix of music and entertainment is a strength for OVG, as they have partnered with Live Nation Entertainment, the global leader for live entertainment. Live Nation has consistently brought the highest-grossing shows and the greatest number of shows to KeyArena for the past 10 years, and by a large margin over their closest competitor AEG Presents. Live Nation Entertainment is also the parent company of Ticketmaster, which is the world's leader in annual live event ticket sales and is the primary ticket seller for 27 of the 30 NHL teams and 28 of the 30 NBA teams.

Here some additional operational strengths compiled from the team after review of the designs:

- New Loading Dock with larger loading capacity for show trucks (accommodates 15 trucks)
- Completely rebuilt lower bowl with almost 10,000 seats
- Expanded and diverse premium seating that can flex to demands of all types of events
- Improved rigging grid to accommodate large events/concerts (load capacity exceeds 200,000 lbs)
- Floor Size: Larger floor area and increased sq. footage will be a welcome change to accommodate larger stage sizes and more exiting space at stage left and stage right and allows them to have event floor club spaces which is a strength compared to Seattle Partners who does not
- Operational Staffing: Org chart shows a large staff for every facet of management which is comparable to most arena staffing levels and provides management for all services
- Two Scoreboards: Provides for additional sponsorship opportunities and a custom look different than every other arena
- Concessions: 50% of stands vented for cooking which should be sufficient
- Robust Locker Rooms: WNBA, NBA and NHL exclusive spaces and visiting teams
- Number and size of backstage dressing rooms far exceeds the current layout

**Weaknesses:** It doesn't seem that Oak View put much effort into developing a plan that considers the Uptown Urban Design Framework or Seattle Center Master Plan Design Principles, the Arena's placement on the Seattle Center campus, adjacency to multiple cultural facilities or other place-based factors. Their design team seemed to lack a landscape architect/urban designer or simply a focus in that area. During their presentation

to City staff, they made it clear they will putting all their focus in the best arena design and financing and they would basically work with the city to work out the rest.

Here are some potential operational challenges after review of the designs:

- Event Level Service Corridor: Listed as 12' wide, due to current concert and other event needs, chair carts access, etc., this should be a minimum of 16' wide
- Portable Concessions Stands on the Floor: Facilities are moving away from event level concession stands (even portables) it is not a necessary guest service element-- recommend having more space for event level restrooms. Providing amenities on main concourse for general guests on event level is sufficient
- Access directly to the floor for flat floor events or GA tickets: Not sure there is explanation for how we get a large number of people to the event floor directly from the exterior
- Acoustics: More explanation of how improved acoustics will be accomplished is needed, sports team desires for 'loud' cheering fans may conflict with 'top of the line' acoustics for musical events.
- Show truck parking: the design calls for a marshaling area that can accommodate up to 15 trucks. This is the same amount of on-site parking available at the current Arena.

***B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework.***

**Strengths:** OVG put forward a true historic preservation design option for the Arena that would likely meet federal standards (Department of Interior). By maintaining key elements of the existing facility's exterior design, including the roofline, OVG offers some surety the aesthetic and scale of the new Arena will integrate well into the Seattle Center campus and Uptown neighborhood.

**Weaknesses:** The proposal is lacking information on how the Arena will integrate with the Seattle Center campus and Uptown neighborhood in terms of transportation connections, pedestrian connectivity, and the design and use of surrounding plazas and other public spaces. We recommend OVG be asked to develop this element of the proposal more fully. We understand from the presentations and follow-up responses to questions that they've expressed a willingness to work with the City to work out some of these details, but it would be helpful to get a sense from them of the scale/level of exterior investments they would be willing to make. Additionally, we do not see a clear path for their proposed new garage to be permitted under the proposed new zoning regulations for Uptown (expected to require screening of ground-level parking and at least 50% of new structured parking to be underground).

Adding the new 850 stall garage on Thomas Street, next to the 1st Ave garage will negatively impact an already congested area. If the surface lot on the SW corner of 1st Ave



N and John is used for TNC and ride share as well as show vehicle access the egress capacity of the 1st Ave Garage will be further impaired adding to the congestion in the area.

The South End of the Arena development seems to have a lot of pressure with the new garage, new entrance atrium and Thomas St doing a lot of heavy lifting with lots of potential conflicts to manage related to proper ingress/egress to and from a facility.

**C. *Provide for design, permitting, development (if applicable), and construction of the Arena (the “Project”) with minimal City financial participation.***

Oak View does not appear to be requesting direct upfront financial assistance or financing from the City, but does ask for incremental on-going taxes and potential upside on future revenues.

We are a bit unclear on how their proposed reinvestment of Arena tax revenues would work. Also, their design/permitting/construction schedule seem very optimistic and unrealistic.

**D. *Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.***

**Strengths:** OVG creates a capital reserve fund for maintenance and capital improvements to the building. They would initially contribute \$1 million upon completion of the arena and add \$1 million annually, up to the balance of \$5 million. The fund will have no more than \$5 million and no less than \$1 million at any time over the lifetime of the lease.

**Weakness:** OVG went beyond what was asked in the RFP and requests exclusive control over all three of Seattle Center’s parking garages (not just 1<sup>st</sup> Ave Garage which was listed in the RFP)—this is Seattle Center’s number one revenue source and long-term funding of Seattle Center would potentially be impacted in the long-run, depending on how the revenue share model is negotiated. In addition, OVG requests exclusive rights to sell sponsorships for the “commercial entities” at Seattle Center: Space Needle, Chihuly and MoPop, in addition to all sponsorship and naming rights for the new arena. They also offered to assist Seattle Center in selling sponsorships too. This could impact long-term revenue opportunities for Seattle Center, as sponsorship and business development opportunities have been a big area of growth for Seattle Center over the last several years. OVG promised revenue share or an annual payment, but it seems as it would be capped and limit Seattle Center’s future revenue development and sustainability. They also say they would leave alone the non-profit sponsorships and event sponsorships, but it seems that these smaller organizations would be impacted in this approach.

The OVG organization is only two years old. While they want the Seattle arena to be their cornerstone property, they have little organizational infrastructure in place to operate a world class arena compared to Seattle Partners and AEG’s robust corporate infrastructure

and bench. Under Tim Leweike’s leadership they certainly have the capability to recruit qualified personnel, including current staff. We need additional information about their structure (see 2<sup>nd</sup> Round additional questions sent to OVG)

There is not enough detail on how OVG would integrate their operations with existing Seattle Center resources. They have given some detail on integrating to our central plant, power needs and possible connection or relocation of fiber, but additional discussions need to happen in this area to understand the on-going operational challenges this might cause the City/Seattle Center.

***E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.***

**Strengths:** Oak View identifies the need for a construction management plan that addresses transportation impacts and provides a basic outline of what that plan should require/include. Oak View also acknowledges that the share of trips made to the Arena by automobile is expected to decrease over time, which was good to see (tacit acknowledgement that transportation planning for the new facility shouldn’t just be about accommodating cars).

Commits \$1 million building transportation hub at 1<sup>st</sup> Ave and John streets, work with the city to contribute \$2 million towards monorail expansion, \$1 million technology and wayfinding solutions, \$1 million towards the city’s adaptive signal control system. Will provide supervision at drop off zone on East side of campus and new transportation hub at 1<sup>st</sup> and John. Will pay for “Seattle Traffic Control” (unclear who this is and some of this work must be done by SPD) to manage intersections and garage exits. Will prepare and update Traffic Management Plan in consultation with the city.

**Weaknesses:** Transportation section of report is largely an analysis of existing conditions. Would have been nice to see more specific ideas/recommendations from Oak View about what could be done to improve access to the Arena other than parking incentives and shuttle buses. Even if they had put forward some ideas that might not be totally feasible, it would have been nice to see some creative thinking.

***F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City’s Race and Social Justice Initiative.***

**Strengths:** OVG has committed to the goal to retain all leadership and staff members that work at the arena. They have also committed to support and implement local hiring practices and set defined minority and local hiring goals that reflect the diversity of Seattle. Still more detail is really needed to understand the conditions around these goals.

OVG also sets up an interesting partnership with YouthCare, donating \$10 million over the next 20 years to help provide access and job training for homeless youth to connect them

directly with jobs in the Arena. An additional \$10 million will be distributed to other Seattle Center and surrounding community beneficiaries over the next 20 years—allocations will be decided by a steering committee of community members and non-profit leaders.

**Weaknesses:**

In OVG's proposal, they say they will do what they are required to do to comply with state/City rules on prevailing wages and Priority Hire. Their write-ups on labor peace agreements and community benefit agreements were also general and need further exploring and clear parameters spelled out. We need additional information about how they plan to work with WMBE firms – both during construction/permitting and as facility operators.

OVG's language about City use of the Arena for events like the health clinic and Bumbershoot is also vague. It seems like there might be challenges working around City-requested dates (as opposed to requiring us to work around their booking schedule). In addition, OVG say that the events can't be for profit—since Bumbershoot is a hybrid that might challenge our existing relationship with One Reel/AEG Presents who produce the event.

**G. *Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.***

**Strengths:** Proposal includes some general language about a commitment to working and communicating with Seattle Center, tenant organizations and Uptown neighbors. OVG was pressed on this area in follow-up presentations and questions. They responded by committing to \$500,000 to relocate displaced tenants in development area. They also said they would pay the relocation costs for Pottery NW which are spelled out in their agreement (which would use \$250,000 of the fund) OVG also says they would accommodate the current Storm and SU agreements, but need to get clarity if they would be responsible for relocations costs while the Arena is being remodeled.

The OVG technology plan is robust. WiFi coverage and coordination, High Density coverage DAS, Emergency Responder DAS, ticketing applications, ADA services (open captioning, screen reader and magnification software etc.,) and audio are well covered. OVG says they will relocate and coordinate fiber infrastructure with Seattle Center campus needs.

**Weaknesses:** OVG seems to rest the responsibility of relocating all the tenants on the tenants themselves or the City, but is willing to work with us on some staff costs and identified relocation fees in contracts. More negotiation is needed in this area. As mentioned, OVG does commit \$500,000 towards short and long term relocation of displaced tenants. It is unclear how much of these funds will directly benefit the tenants. They will “explore” relocation to the South Site. The commitment is vague: the future of Pottery Northwest, Seattle Center Labor/Gardeners Operation, Skateboard Park, Blue

Spruce tenants and Restroom Pavilion are very much up in the air and need further discussions/negotiations.

OVG doesn't replace the Skateboard Park anywhere on the new site, but do say they would help fund a new Skateboard Park and are willing to work with the City's Skateboard Park Advisory Commission to find available alternative locations.

Overall, OVG's proposal for the Arena design and financing seems quite strong; we wish they had spent more time focusing on the external (for lack of a better term) elements of the facility – neighborhood integration, staffing/labor plans, transportation access, etc. It could serve the City well to ask Oak View to spend some time over the next couple months further developing these elements of their proposal and in potential further negotiations.

Another issue comes up with the new addition at the NW corner of the Arena, where it seems they remove the ramp access to the NW Courtyard. This will greatly impact the ability to plan NW courtyard operations for KEXP and festivals, and will further cut off that corner from the rest of the campus and neighborhood. There also does not appear to be an ADA-compliant access path from the west side of the atrium entry.

Event egress seems to be concentrated all on the south side of the building. This will create imbalanced impacts on that side of the Seattle Center campus for pedestrians and vehicle traffic.

**Seattle Partners (AEG/Hudson Pacific)**

- A. *Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.***

**Strengths:** Like OVG, Seattle Partners has provided a design that can accommodate both NBA and NHL with capacities that seem in line with recently constructed NBA/NHL arenas. Seattle Partners has created a new loading dock to accommodate 20 plus show-trucks and creates the capacity to have faster turnovers. They have also taken advantage of expanding the South end of the building by creating a new entrance with east/west access and expanded the curtain wall to accommodate for larger concourses/expanded concessions opportunities and expanded the number of suites and created new club spaces to accommodate more premium guest experiences. They have increased the total size of the facility to 600,000 square feet, but is still shy of recent buildings like T-Mobile Arena which is a smaller facility around 650,000 square feet and smaller than OVG’s proposed 660,000 square feet.

Seattle Partners has strong Seattle ties with AEG’s management of multiple facilities and their current partnership with Seattle Center/KeyArena. Hudson Pacific Properties has invested \$750 million in office towers and other buildings in Seattle.

AEG owns the Los Angeles Kings and has either built or managed numerous NHL arenas, including T-Mobile Arena in Las Vegas, Barclay’s Center in Brooklyn and Gila River Arena in Glendale, AZ. Hudson Pacific Properties is owned by Victor Coleman, who is known to the league after he expressed interest in bringing an NHL expansion franchise to Seattle in 2014 and 2015 to play at the envisioned SODO District site pitched by Chris Hansen.

AEG is part-owner of the Los Angeles Lakers and has built and managed multiple NBA facilities, including the Staples Center in Los Angeles, American Airlines Arena in Miami and AT&T Center in San Antonio.

**Weaknesses:** The Arena design conceived by Seattle Partners is weak in comparison with the substantial redesign submitted by OVG. Seattle Partners has provided solutions to accommodate the NHL by expanding the South End and creating a larger seating bowl to accommodate a higher NBA capacity, but has not added the variety and flexibility of spaces that OVG has with the expansion of the floor plate. Seattle Partners has maintained 58% of the concourses and in doing so has kept many of the constraints that were issues from the 1995 KeyArena remodel: narrow upper concourses, more limited concession offerings and limited club spaces with sightlines in the bowl. It is hard to tell what new constraints to operations may occur by not having the basketball and hockey ice sheet not centered beneath the east/west truss, in addition to potential impacts to the fan experience. For example, the scoreboard may impact certain types of events as the uncentered position might impact site lines as it can’t fly up into the center of the building. They have come up

with some creative solutions, but not substantial design changes to match to the latest innovations—specifically their limited amount of club seats in comparison with OVG and the location of clubs which are in areas that historically are dark and unsuccessful as they don't have sightlines into the bowl.

There is also a strong possibility that AEG's proposed Arena design would not meet federal or local landmark preservation standards. The extension of the roofline falls out of line with what was really asked for in the RFP, as we asked for either a tear down/rebuild or a design that is respectful of the existing historic roofline.

Seattle Partners also talks a lot about event programming in their proposal, but currently AEG Presents does not come close to their competitor in the number of shows promoted in the Seattle area that can sell 10,000 – 15,000 tickets. Even though the building would not be exclusive to AEG Presents-promoted shows, there are questions around this proposer's ability to secure the highest grossing touring concerts.

Another weakness for this proposal is the \$5.00 per ticket facility fee that would be used to pay back the City-issued bonds. Currently \$5.00 is KeyArena's highest per ticket surcharge amount and is only assessed on tickets priced \$125.00 and over. A flat \$5.00 charge on all tickets, no matter what their price will most likely receive pushback from existing family show promoters and the Seattle community in general.

This proposer has included two separate box office locations in their plan. This is like the current box office set-up of KeyArena, instead of one centralized location which is more desirable. From our experience, having two locations is very confusing to patrons and does not promote streamlined ticketing operations.

This proposer has included food and beverage operations and restaurants on the ground level of their plan and have indicated in their response to our question that these F&B operations are intended to be open during non-event hours. The addition of adding more restaurants to the Seattle Center campus may impact our current F&B tenants in the Armory.

***B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework.***

**Strengths:** Seattle Partners clearly put thought into how to integrate their proposal into the surrounding area. They have interesting ideas about activating the public spaces adjacent to the Arena (programming activities on the plazas, installing public art, creating an activity trail) and making it feel like an integrated part of Uptown and the Seattle Center campus. They applied a lot of attention to trying to find ways to make the Arena site a place everyone can enjoy – not just those that can afford a ticket for an event. They have committed to hire a Director of Community Engagement, which would be a great asset to

help coordinate with the many stakeholders at Seattle Center and the surrounding neighborhood.

**Weaknesses:** AEG’s efforts to design nice exterior spaces do not compensate for the shortcomings of its Arena design. To compete with the facility proposal OVG put on the table, AEG would need to make significant changes to their proposed design.

**C. *Provide for design, permitting, development (if applicable), and construction of the Arena (the “Project”) with minimal City financial participation.***

**Strengths:** N/A

**Weaknesses:** AEG’s reliance on \$250 million in City bond capacity to finance its Arena plan feels like a non-starter considering what was requested in the RFP. Also, their design/permitting/construction schedule is very optimistic. The south end roof renovation would need further review, might not meet landmarks criteria, and could take additional time for approvals.

**D. *Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.***

**Strengths:** AEG has extensive history working with the City and Seattle Center specifically. For the last nine years, AEG Facilities has worked with Seattle Center to help manage certain functions at KeyArena including premium seating, sponsorships, concessions, marketing and other consultative services in facility maintenance and technology infrastructure. They helped to take over functions formerly provided by the Sonics, but partnered with Seattle Center in turning around the facility to become profitable.

AEG/Showbox Presents has years of experience in the marketplace operating the Showbox at the Market, Showbox SODO, Marymoor Park Concerts and helped to take over and revitalize Bumbershoot.

AEG has deep resources in this market, in addition to a robust corporate infrastructure with background in all areas of facility maintenance and operations. They consult on and operate hundreds of arenas around the world.

**Weaknesses:** The constraints of this arena design discussed above highlight concerns about the ability to flex to new business practices and trends in the industry—club spaces/seats are already impacted. There are additional concerns that on-going operations could be impacted by only having elevators at the south end of the building.

**E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

**Strengths:** Seattle Partners' transportation consultants review was a strength and showed they had a handle on local transportation issues/challenges and how the Project could become an integrated part of ongoing mobility planning efforts in downtown, Uptown, and South Lake Union. Seattle Partners also pledged specific amounts of money to help implement needed transportation improvements near the Arena.

Seattle Partners commits up to \$5 million to accelerate transportation strategies and create a shared mobility hub to encourage multi modal transportation use. They also specify funding allocations for transportation projects and initiatives but do not commit funding to expansion of Monorail facilities.

Construction will close two blocks of Thomas between 1<sup>st</sup> Ave and 2<sup>nd</sup> Ave. Impacts to local churches, businesses and residences will be manageable with regular coordination and communication. The parcel South of Thomas will be used for laydown.

Their transportation plan, to be managed by an executive level Director of Transportation includes, but is not limited to: subsidizing transit fares with event ticket purchase, prioritizing Seattle Center parking for high occupancy vehicles, funding intelligent transportation technologies, expanding mobility hub locations, adding bike parking and valet facilities at arena, providing shuttles to and from Westlake Center and regional park and rides, providing shuttles and incentives to reduce event support staff SOV use as well as implementing wayfinding, navigation and travel technologies.

**Weaknesses:** Nothing specific identified.

**F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City's Race and Social Justice Initiative.**

**Strengths:** Seattle Partners proposal indicates they plan to collaborate with Uptown neighbors and Seattle Center staff and tenant organizations, which is good. They also have long standing close partnerships with labor unions in Seattle. Programs within their company are aligned with important City values – e.g., environmental sustainability, workforce development, health and well-being. Additionally, Seattle Partners does commit to providing the City will full access to the Arena 14 days/year; however, we didn't see in their writeup whether they intended to grant the City our preferred dates or if that would have to be negotiated. Seattle Partner's outlines the process about their intent to hire existing KeyArena employees, but didn't go as far as OVG's commitment to keep all employees from leadership to frontline staff.

**Weaknesses:** Additional information about their staffing plans and planned approach to working with local labor unions also would have been helpful. We didn't see much about



that except for a sentence that said they would comply with the City's request to enter into labor peace agreements as necessary. We also didn't see anything about prevailing wage or Priority Hire, which should be addressed.

**G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**

**Strengths:** AEG clearly put more thought into how to integrate their proposal into the surrounding area. They have interesting ideas about programming the public spaces adjacent to the Arena and making it feel like an integral part of the Seattle Center campus. AEG is also proposing to relocate the existing skate park and construct new office space that could be used to house Seattle Center tenant organizations that would be displaced by the Arena renovations. We advise the Advisory Panel to find out whether AEG is planning to offer those organizations reduced rents as few of them have the resources to pay for work space in a new, Class A office building.

AEG is developing proprietary systems to aggregate information and data to inform decisions impacting traffic management, parking management, concessions inventory and staffing. Seattle Partners is focusing on high density mobility solutions which support Internet of Things devices, remote point of sales, advertising and customized patron interaction. The system will be cloud focused which will enhance interaction with the AEG corporate resources including their other arena operators.

**Weaknesses:** We are not convinced Seattle Partners efforts to design nice exterior spaces compensates for the shortcomings of its Arena design. It feels like OVG's proposal could be expanded and enhanced to address exterior programming and community integration issues.

The current Seattle Center sponsorship program has been experiencing improved growth over the last few years and contributes an important financial resource to Seattle Center operations. It would be prudent to identify revenue share commitments beyond those currently offered by AEG should Seattle Center give up this revenue stream. AEG understands from experience the complex event scheduling dynamics at Seattle Center and commits to regular executive level communication (General Manager and Director of Content Development) to work through issues.

## **Social Equity Staff team – Initial Review**

### **Members:**

**Sara Belz, Department of Neighborhoods**

**Cassandra de Costa, Seattle Department of Human Resources – Labor Relations Unit**

**Tamar Zere, Office for Civil Rights**

**Karl Stickel, Office of Economic Development**

**Mary Wideman-Williams, Seattle Center**

### **Oak View Group:**

#### **F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City's Race and Social Justice Initiative.**

OVG commits to meet the social equity terms as identified in the RFP. These commitments reflect a willingness to comply with state/City rules but are general beyond that baseline. OVG's plan to advance race and social justice was pledged during their presentation, but the proposal was unclear and would need to be discussed further to better understand that commitment. Given the newness of the organization, they seem to lack the organizational infrastructure to ensure robust workforce development and alignment with principles.

#### **Strengths:**

- Commitment to encourage WMBE (referred to in proposal as MBE/DBE) participation in Arena redevelopment, and meet local/state standards. Will partner with Tabor 100 and other agencies to develop an Inclusion Plan with specific strategies for setting and exceeding utilization goals.
- Pledge to invest \$20 million in local nonprofit organizations; specific selection of YouthCare to receive \$10 million of available funding to serve youth experiencing homelessness.
- Staffing plan commits to retain existing team members and to partner with local labor organizations to make jobs available and accessible to all.
- Plans to create a Local Advisory Council to assist with ongoing community relations.
- Will hire a full-time Community Liaison who will run day-to-day outreach activities and minimize barriers to hiring for WMBEs and underrepresented communities.
- Proposes specific aids and services in response to ADA Title I and II requirements, and a commitment to train staff on how to comply with ADA recommendations.
- Commits to partner with community based organizations to create apprenticeship opportunities, as well as job shadowing and mentoring programs.

#### **Weaknesses:**

- Beyond partnership with YouthCare, it is unclear how other agencies and/or communities might benefit from Oak View's financial contribution or community engagement plans. It is also not clear what (if any) equitable process was used to identify and select this specific agency as a beneficiary.
- Proposed takeover of all Seattle Center garages without any mention of staff transition plan or worker retention.

- Proposal removes the Skate Park without a suggested new location on the Seattle Center campus. While OVG commits to fund a location elsewhere, and collaborate with the City and stakeholders to determine new placement, this could eliminate a popular amenity for youth on the campus.
- The future staffing model and operating structure are unclear beyond the management level. Current KeyArena staffing model relies on a contingent workforce of intermittent ushers and laborers. The proposal doesn't speak to plans for how this work will be done in the future structure. May lead to unintended workforce equity issues in this demographic of the City's job market.
- Community outreach is narrowly focused on immediate neighborhood; only general consideration for community engagement in all City districts/neighborhoods without many specific strategies offered.
- Lacked depth on plans for labor peace and community benefit agreements; vague references to partnering with labor unions.
- Lacked detail on how existing KeyArena employees (particularly event support staff) would be accommodated under this new plan and how they would work with labor unions on worker retention.

## **Seattle Partners:**

### **F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City's Race and Social Justice Initiative.**

AEG brings a broad and deep organizational infrastructure to the project, with an existing Global Diversity and Inclusion Department and a diversity policy in place. Their AEG 1Source and AEG 1Force programs are designed to guide diversity supplier initiatives and workforce/cultural diversity. Similarly, AEG 1EARTH sustainability program demonstrates a commitment to environmental stewardship. However, proposal lacked specificity about how these elements align with the City's RSJI principles and would advance social equity in Seattle.

#### **Strengths:**

- Organizational capacity for workforce development with potential global brand support and resources.
- Existing partnership with Seattle Center and experience with KeyArena Operations; including work with Bumbershoot. Familiar with coordination of programs and activities with Seattle Center and resident organizations.
- Strong local partnerships with, and support from, several community based organizations and firms. Their proposal highlights specific relationships with Nyhus Communications, GSBA, the Urban League of Metropolitan Seattle and the Uptown Alliance.
- Proposal creates new position of Director of Community Engagement to foster collaboration with Uptown neighborhood.
- Proposed creation of a Coliseum Advisory Council facilitated by the Seattle Center Foundation to develop a shared vision for Seattle Center that the Arena would support.
- Proposal establishes a methodology for developing a transition employment strategy.

#### **Weaknesses:**

- Lots of references to workforce and cultural diversity and inclusion, with the only specific examples being general recruitment strategies and celebrating various diversity themes via a multicultural calendar. Would like to have seen more about how workforce equity in ongoing facility operation is envisioned.
- Unclear what the company's "diversity policy" is and how that furthers racial equity and social justice within the workplace.
- AEG unable to articulate (in either the proposal or presentations) a clear understanding of racial equity and how that relates to their operations or community engagement.
- Passive mention of labor peace agreements and no specific commitments to prevailing wage or Priority Hire.
- While a methodology for an employment transition plan exists, it is unclear what the staffing model is and how existing workers will be accommodated.

## **Transportation Staff team – Initial Review**

### **Transportation Team:**

- Kevin O’Neill, SDOT
- Sara Zora, SDOT
- Kevin Shively, OPI
- Julia Levitt, Seattle Center
- Lance Miller, Seattle Center
- John Shaw, SDCI
- Jim Holmes, OPCD

### **Oak View Group:**

**A. Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.**

Based on our review of the proposer’s presentation, the design of the Arena is thoughtful and innovative, and does a good job of accommodating multiple events: concerts, basketball games, and hockey games. We assume that the Operations and Design team will be reviewing the specifics of the proposal in more detail.

**B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework (“UDF”).**

The proposal is very focused on the arena redevelopment site, and does not provide a lot of information relating to the surrounding neighborhood. There is also no discussion, in the transportation chapter, as to how the proposal aligns with the Uptown UDF and Seattle Center Master Plan, as well as other city policy documents such as the Seattle Comprehensive Plan and Climate Action Plan. Our review found areas within the transportation section that would have benefited from a bit more consideration of some of these other planning documents. One example of this relates to the proposed 850-stall parking garage to be located on-site (just south of the new arena). The Seattle Comprehensive Plan and Climate Action Plan have goals of reducing vehicle trips, or shifting more trips to travel modes that generate fewer or no greenhouse gas emissions (sustainable transportation modes), and to reach Zero Net Greenhouse Gas (GHG) Emissions by 2050. A large, new parking garage is potentially in conflict with those broader goals. The location of the added 850-stall garage will add cars to an area already severely congested under current conditions due to the 1<sup>st</sup> Ave N Garage, creating operational and additional congestion issues. Ingress/egress in this area is already difficult from 1st Ave N Garage alone. The City would like to understand the plan for managing ingress/egress of the new parking garage on Thomas Street, in addition to the existing 1st Ave N Garage.

A parking garage in this location is also inconsistent with an Uptown UDF goal of keeping access to Seattle Center accessible from a transportation/congestion standpoint. It is also counter to a UDF goal of shrinking the parking footprint within the neighborhood. In addition, the proposed location of the parking garage also creates a non-motorized access barrier on Thomas St, which has been recommended as a green street and a neighborhood greenway. Non-motorized travel (walking and biking) should be a high priority for the street. From an access and mobility perspective, the preservation of people walking and biking via Thomas St is important for larger neighborhood circulation and connectivity.

The proposal suggests that a new parking garage (potentially funded by another public agency) will benefit local businesses by taking pressure from on-street parking in the Uptown area. The City regularly assesses on-street parking availability, and adjusts on-street parking to try to ensure short-term parking availability for nearby businesses. The proposed direct garage connection to the Arena might also discourage patrons from exploring the neighborhood on foot, reducing some of the potential local economic development. The same local economic impact would also occur to the extent that patrons walk, bike, and/or take transit to/from Uptown and walk to reach their destination at the Arena. The more people who can use a sustainable mode of transportation to access the arena, the better for surrounding Uptown businesses.

Parking supply and accessibility is a real issue for this area (and Seattle Center operations), but the proposal for a new parking garage in the southwest quadrant of the Seattle Center campus is flawed and does not align with Seattle Center Master Plan because its location does not provide access to the theatre district (along Mercer Street). If the new garage were to account for replacement of parking if/when the Mercer Street Garage redevelops, it is not in the ideal location for that purpose. Finally, in this location the structure may be perceived as a barrier to the Arena building, or at least as a less than attractive entrance for the many event attendees who can be expected to access the event from the South (downtown) via any mode of transportation.

About engagement with the broader Uptown community, the Transportation team would like to better understand the proposer's outreach and/or existing relationships with surrounding Uptown businesses. The proposal includes a project advisory committee, but is unclear how the Uptown community would be represented. The proposal also includes YouthCare to work with/donate to and anticipates focusing on Seattle Center and the Uptown neighborhood to form a steering committee of community members and non-profit leaders to identify the appropriate beneficiaries of \$10M to be distributed over 20 years.

The pledge to hire a full-time community liaison as part of the Arena operations team that will be the voice and point person for ongoing coordination with local neighborhoods representatives and City departments has been added through answering the City's clarifying questions.

**C. Provide for design, permitting, development, demolition (if applicable), and construction of the Arena (the "Project") with minimal City financial participation.**

The proposer has committed that all arena associated costs are to be privately paid for. In responding to City questions, the proposer has stated that the cost of the garage is included in project costs and will be built even if no financial partner comes forward.

Regarding transportation, it is important to assess the broader area and network that would serve access to the Arena. In its response to City clarifying questions, the proposer indicates a willingness to commit up to \$5M of funding toward select transportation improvements; however, the needs in this area of the City are great enough that the City or other public agencies will have to participate financially if we want the venue patrons to have sustainable multimodal transportation options. As the project goes through the environmental review process and transportation impacts are identified, mitigation for those impacts will be required as part of the development review process.

Throughout the transportation chapter, the proposer uses vague language like they would "support" expansion; "could" stage buses; "will coordinate"; has "explored the possibility ...", etc., around a number of issues. These statements are non-committal in terms of investment of particular transportation ideas. It is not clear how much City financial participation would be necessary to implement the transportation ideas supported by the proposer.

The Transportation team would ultimately like to see a more definitive "transportation investments" table or summary created to display the proposed transportation investment commitments (projects/programs/partnerships) that would be necessary for the arena to function from a transportation standpoint, and who the proposer is expecting to fund the improvements.

**D. Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.**

The proposal is unclear about financial commitments for on-going transportation operations. The proposal uses vague, non-committal language that makes it difficult to understand the amount of effort that the City would ultimately have to contribute for ongoing transportation operational efficiencies. The proposal suggests there will be funding for partnerships/incentives with Uber and Lyft, bike valet service, shuttle service, regional park-and-ride event shuttles, subsidized transit and Monorail fares, subsidized parking in SLU/downtown garages, and marketing/technology solutions. These are all good ideas, but more clarity is needed on how the proposer would specifically help implement some of these strategies.

The proposal offers to create a full-time community liaison position to assist in managing traffic and parking issues as they arise and would also provide personnel for traffic management, signage, police presence for event traffic control, and other mitigating measures. In responding to City questions, they also propose operations supervision for a transportation drop-off zone near the "east directional entrance to Seattle Center" to provide an alternate site for loading and unloading. They will also pay for Seattle Traffic Control to manage the intersections and garage exits for events.

The Transportation Staff team would like to see on-going transportation operational funding elements added to the transportation investments table, mentioned above in part C.

**E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

The analysis in the transportation chapter, which was primarily focused on vehicle traffic, parking supply, and transit capacity, found that there is "substantial excess capacity in transit, roadway, and parking during peak periods in the direction of travel towards Key Arena." This implies that there may

be little to no impacts to mitigate. This analysis may not be consistent with the real impacts of events during PM peak periods when event transportation demand is added to commuter transportation demand in the Uptown Urban Center and nearby neighborhoods. There was also no mention of Seattle Center daytime events, such as corporate events, graduations, electronic gaming, etc. These events can impact commute hours or weekend events with their unique, atypical event times corresponding to arena events.

The parking supply and utilization/optimization of parking garages within a ¼ mile radius (15-minute walk) of the site shows more than adequate supply available. Therefore, the Transportation team is not clear about the rationale (from a mobility standpoint) of constructing a new 850-stall parking garage after reviewing the analysis in the proposal. The proposal does identify a key issue of patrons having a difficult time locating available parking. Mitigating this through real-time route information and mobile parking application is mentioned. The proposer intends to solve efficiency of parking by managing all Seattle Center garages for one seamless experience and communicating better to patrons regarding all parking options, because they believe the parking capacity within walking/transit distance is adequate.

There is no discussion of pricing to park in the proposed on-site parking garage, or other Seattle Center parking facilities, which was an asset the proposer wants to own (with cost / revenue sharing to be worked out with the City). This is important because parking pricing strategies can significantly improve the availability and ease of access to parking, as well as promote the use of non-auto (sustainable) transportation alternatives. Parking overall near Seattle Center is a real issue that should be addressed (in terms of supply, location, and coordination), but we still question having this much parking at this specific location.

The proposers offer a few specific interventions/programs to “support” a reduction in auto trips, though with no financial commitments. These include: South Lake Union parking shuttles, KC Metro special event transit service to regional park-and-ride lots, marketing and incentives including transit fares, parking near Westlake Center, existing bus service, will add bike storage and valet service, discount parking rate in select garages for vehicles with three or more passengers, and purchase transit passes in bulk for patrons. These are all good ideas to pursue, but more clarity is needed on how the proposers would work with the City and other entities to advance these ideas.

Upon responding the City questions, the proposer will fund up to \$1M towards technology and way-finding solutions. There is discussion in the proposal about developing a mobile parking app to enable patrons to pre-pay for parking, look for availability, and plan trips more effectively (according to the proposer, a similar solution is used at an arena in Portland). Also proposed is traditional outreach (social media, websites, and email), real-time route information, a Community Liaison and other trip applications which would inform and alleviate potential ongoing Arena transportation operation concerns.

In a different section of the proposal, the proposers identify subterranean freight loading under Thomas Street, which may require a subterranean street vacation, and the City agrees that event truck loading should occur on private property. There was no additional analysis of freight impacts outside of what the City recently recommended through the recent Freight Master Plan, so there is no current commitment to freight mitigation or funding improvements. The proposal states that freight usage is outside event hours, but presumes all events are in the weekday evenings, which is inaccurate.



There are a few other investments that the proposer added within their response to City questions, including: committing to spend “more than \$1M” to fund construction of a multimodal mobility hub at 1<sup>st</sup> Ave N and John St for shuttles, taxi, ride share and bike parking, subsidize the cost of Monorail rides to arena events by bundling event and Monorail tickets, and is prepared to work with the City to contribute up to \$2M towards expansion of the Monorail system, and fund up to \$1M towards the City’s adaptive signal control system.

The proposal refers to the existing Westlake mobility hub and the recommended hub (in the SLU mobility plan) at Harrison and Aurora, though commits no funding to see these become actual hubs. The proposal does mention an on-site mobility hub near/at the future light rail station and commits to "coordinating" with ST, but again, no mention of financial investments.

**F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City’s Race and Social Justice Initiative.**

**G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**

## **Transportation Staff team – Initial Review**

### **Transportation Team:**

- Kevin O’Neill, SDOT
- Sara Zora, SDOT
- Kevin Shively, OPI
- Julia Levitt, Seattle Center
- Lance Miller, Seattle Center
- John Shaw, SDCI
- Jim Holmes, OPCD

### **Seattle Partners:**

**A. Provide a world-class civic arena (the “Arena”) to attract and present music, entertainment, and sports events, potentially including NBA and NHL events, to Seattle and the region.**

**B. Provide for Project design and Arena operations in a manner that integrates with and enhances connections to Uptown and adjoining neighborhoods and aligns with the Urban Design Framework (“UDF”).**

The proposal has strong integration of both the Uptown UDF and Seattle Center Master Plan principles and goals, as well as the Seattle Comprehensive Plan and Climate Action Plan. The proposer spends a significant amount of effort to describing the pedestrian environment and amenities, the Seattle Center gateways into campus, and better connectivity and visibility into the Seattle Center campus. The proposal references the Uptown UDF goals numerous times and is in alignment with multimodal transportation solutions. The proposal also states that they would be involved in various degrees to complete UDF concept and festival street plans. They also express support for Uptown as an Arts and Cultural district.

It is evident that this proposal went to great lengths to recognize that the proposal Coliseum is a part of the surrounding neighborhood, will impact the neighborhood, and wants the Arena to fit into the broader urban context. The proposer’s site plan extends beyond the immediate vicinity of the developable parcels and emphasizes urban design and achievement of some of the Uptown UDF goals. They propose to open up the southern edge of the Seattle Coliseum between 1<sup>st</sup> Ave N and 2 Ave N by placing the loading dock underground and activating the corridor with retail, food and beverage opportunities and other community space along Thomas St. Also within the proposal is the reclamation of 1<sup>st</sup> Ave N street edge by preserving the active street characterization with transit and bicycle prioritization. As stated in their proposal, they have already begun outreach to local businesses and propose working to develop a “come early, stay late” program that would encourage Coliseum patrons

to arrive early and stay late in the neighborhood, which would both enhance area businesses and distribute trips to and from the Arena. The commitment to help establish an Uptown/Seattle Center Transportation Management District reinforces that they will strive to provide a venue that identifies and addresses opportunities to maintain accessibility and mobility in the Uptown area.

In responding to the City's questions, the proposers indicated that there will be a VIP parking garage accessed through the loading dock off Thomas St for 120-stalls. In addition, the 1<sup>st</sup> Ave N Garage will also be available for VIP parking, as it is now.

The pledge to hire a full-time Seattle Coliseum Director of Transportation to oversee on-going transportation operations is a plus for this proposal. This person will provide a consistent point of contact and coordination with Seattle Center, local businesses, neighborhood groups, and city officials to minimize scheduling conflicts, to communicate advanced notice of events/impacts, and promote access for all Seattle Center patrons. The Transportation Staff team would like this position to be hired early, if the proposer is awarded the contract, to ensure that building design and envisioned operations concurs with off-site improvements as recommended in the proposal, and to have a transportation point person during construction as well.

**C. Provide for design, permitting, development, demolition (if applicable), and construction of the Arena (the "Project") with minimal City financial participation.**

The proposer has committed that the associated costs of a Coliseum would be funded independently; however, the proposal anticipates \$250M in municipal bond funding. They also propose to take over the City's revenue-generating business of sponsorships on Seattle Center campus.

The transportation-related investments include a commitment of \$5,000,000 for capital improvements (to be determined). However, there are many transportation improvements suggested or recommended in the plan which would either require City (or other agency) funding commitments or a reduced list of potential access and mobility improvements. Many of the suggested capital improvement projects, programs and services are part of existing City plans and may be eligible for City funding contributions with or without Coliseum construction. The timing of these City investments, however, may need to be reconsidered if this proposal moves forward.

With the lengthy list of stated investments in the proposal, it is unclear which projects would be funded with the \$5,000,000, which projects would be developed in partnership (with the City or others), or which projects will be completed entirely by another entity. There are many vague phrases that do not fully commit Seattle Partners to their transportation investment ideas, such as "help" the City build out the Center City Bike Network, "Work with" the City and ST for direct station connection into Coliseum, "partner" with Commute Seattle for neighborhood-based access management program, and "partner" with Seattle Center to improve Monorail access from Link. This makes it confusing to understand how much City financial participation would be necessary to implement the transportation ideas as recommended by the proposer.

The Transportation Staff team would like to see a "transportation investments" table created to display the proposed transportation investment commitments (projects/programs/partnerships), and who the proposer is expecting to fund the improvements. This will be especially important to understand if this proposal moves forward into the environmental and development review process.

**D. Provide for the continuous, successful, sustainable operation of the Arena as a world-class civic venue with minimal City financial participation.**

The proposal is unclear about on-going financial commitments for transportation operations. The one clear recommendation that is stated as a financial commitment is hiring a Seattle Coliseum Director of Transportation. This commitment is an advantage of the proposal. Elsewhere, the proposal uses non-committal language that makes it difficult to understand the amount of effort that the City would ultimately have to contribute for ongoing transportation efficiencies. The proposal suggests ongoing partnerships with Commute Seattle, KC Metro, Westlake and South Lake Union parking garage operators, and shuttle services.

The proposal suggests there may also be funding for traffic enforcement, bike valet, communication and marketing, and pedestrian street activation.

More quantification of the financial commitment would be helpful in evaluating the overall contribution of the proponents to accommodating the access demand of Coliseum event patrons. Many commitments are suggested, so it would be good to understand the plan in full with a more concise summary. The level of City transportation investments needed to make this proposal work should be more clearly understood.

The Transportation review team would like to see on-going transportation operational funding elements added to the transportation investments table, mentioned above in part C.

**E. Provide for mitigation of transportation impacts due to Project construction and Arena operations.**

This proposal does a good job of (1) realistically viewing demand for travel to the arena within the context of demand for travel to the Seattle Center and the larger Uptown Urban Center, and (2) establishing a clear target to achieve a 6% reduction in SOV mode share for travel to the Seattle Center, which we hope means reduction in overall vehicle trips, since SOV trips are not very common for event patrons. A general private automobile reduction target would likely be a more effective metric.

The proposal did not include much substantive work on identifying impacts in their proposal (they did some existing condition and future events impact analysis), although they do analyze overall mode share trends for Center City, parking supply data, and offer transportation investments projects/ideas to help with mode share targets. The proposal is more focused on "policy" drivers than analysis; we would expect more detailed traffic operations assessment, strategy, modeling, and design to be undertaken if this proposal moves into the environmental and development review stage.

The proposer recognizes there will be adverse impacts to the neighboring residents and businesses because of the parking congestion created by more frequent and larger peak events at the new Coliseum and acknowledges that current access to Seattle Center is challenging during the afternoon peak. The proposal recognizes that interim strategies will need to be in place before light rail arrives in the area in 15-20 years.

There are a number of potential investment and improvement opportunities listed in the proposal, including: A Seattle Center Shared Mobility Hub (on 1<sup>st</sup> Ave N and Republican St); adaptive traffic signalization on Denny Way, Mercer St and Elliott Ave; dynamic message signs on main access routes; Thomas Street (and other) east-west pedestrian improvements; an on-going Director of Transportation position; collaborative marketing and planning efforts with Uptown and Commute Seattle; support of Westlake and Harrison mobility hubs; digital wayfinding and trip planning kiosks; 1st Ave N "Complete Street" improvements; 1st Ave N & Queen Anne Ave N protected bike lanes; a Seattle Coliseum Bike Center; connections to the Thomas Street pedestrian bridge; management of curb space for both transit and passenger pick-up/drop-off; regional park-and-ride plans; expansion of E-Park to Uptown and South Lake Union (SLU); and special event shuttle service to Westlake, SLU and other locations. These are all promising ideas to encourage trips to the arena by multiple modes, but more work would be needed to understand how the proposers would advance these ideas, as opposed to the City of other entities.

The proposer also has a good set of elements for travel demand management and to mitigate vehicle trips to the area, including: better managing and utilizing existing parking already in a broader area (SLU, Denny Triangle, Uptown, Interbay); creating a shared parking program; working with SDOT on curbspace management of on-street parking/passenger loading/flexible space during events and to reduce impact to neighborhood businesses (references best practices from Portland's Providence Park); development of a neighborhood based access management program ("Uptown Event Access and Parking Plan"); eliminate SOV trips for event support staff via transit incentives; incentivize HOV parking in Seattle Center garages; incentivizing parking operators to offer reduced rates for HOV; expansion of City's E-Park and parking communication tools to Uptown; and contributions to increase number of officers implementing and enforcing traffic control policies.

The proposal relies upon existing and dispersed parking facilities to address demand for vehicle access to the Coliseum, as well as a new VIP 120-stall parking garage, using loading dock access from Thomas St. Using existing and dispersed parking facilities is appropriate in light of the urban context for the proposed Coliseum, the availability of off-street and on-street parking as summarized in the Seattle Center/Uptown Parking Study (2016), and the larger focus of the Sustainable Transportation Access and Mobility plan to promote non-auto (sustainable transportation) and HOV access to the Center. Dispersed parking may also better support local economic development objectives by encouraging event patrons to park once, then visit local restaurants, bars, and retailers on their walk to or from the Coliseum. Dispersed parking will also disperse the local circulation impacts of the arena to a broader area.

The proposer has identified a pretty comprehensive coverage of programs, initiatives, incentives, and communication ideas to implement mobility services, including: funding the development of information technology pre-trip decision-making apps ("Access + Mobility Platform"); subsidizing transit fares with event ticket purchases; creating relationships with micro-transit (Chariot); establishing partnerships with TNCs; partnering with Commute Seattle and employers to encourage transit use among Uptown employees and Coliseum patrons; partnering with downtown hotels and businesses to offer Monorail/ORCA cards bundled with event packages; exploring options for shuttles (possibly autonomous) to Westlake and SLU to supplement Monorail/bus service; working with Monorail to implement Orca 2.0 integration; improving wayfinding at Westlake Station and extend Monorail operating hours per event, and an option for Sounder to add a stop at Thomas Street. These ideas all

have merit, but again, the transportation team needs a better understanding of the role of the proposer in advancing these strategies, if this proposal moves forward.

The responses to City questions states that they would build an underground seven-truck loading dock with direct access from Warren Ave N and/or from Thomas St to the facility, with no plans to tunnel under Thomas St to maintain proper truck and bus access (Note—the total number of truck capacity in this loading dock still might need clarity). Warren Ave N will provide on-street for the 80 events per year that require staging for large multi-axle trucks on the rear side of the parking garage and will also be stored in industrial neighborhoods when fleets must be parked for multiple days.

Again, the Transportation staff team would like to see a “transportation investments” table or summary created to display the proposed transportation investment commitments (projects/programs/partnerships), and who the proposer is expecting to fund the improvements.

**F. Provide Project construction and Arena operations in a manner that is equitable for workers and consistent with the City’s Race and Social Justice Initiative.**

**G. Provide for Project design and Arena operational integration with Seattle Center, contributing positively to the vibrancy of Seattle Center.**