

Operations Team Findings

KeyArena Advisory Committee Presentation
May 15, 2017



Agenda

- Operations review team members
- Overview of Arena RFP - operations
- Oak View Group findings
- Seattle Partners findings
- Conclusions
- Questions

Operations review team

Seattle Center Staff

- Marc Jones, Director of Marketing & Business Development
- Lance Miller, Campus Manager
- Edie Burke, KeyArena Manager

Seattle Department of Neighborhoods (DON)

- Sara Belz, Strategic Advisor

Overview of Arena RFP – operations

1. Compliance w/ NBA and NHL Requirements
2. Relocation of tenants: Seattle U, Storm, Blue Spruce, Pottery NW, Skatepark, Seattle Center Operations
3. Operating and Maintenance Costs
4. Integration into SC Systems
5. Retention of Qualified Workers/Labor Peace Agreement
6. Sponsorship/Advertising/Honors existing SC exclusivity rights
7. Ongoing Transportation Funding, Event Parking Strategies
8. Coordination/Collaboration with Seattle Center and Uptown

Oak View Findings Overview

Strengths

- Strong Arena and Bowl Design
- Financing
- Pledge to hire full-time community liaison
- Millions toward Transportation ideas

Weaknesses

- 850-stall parking garage
 - Cuts Neighborhood to Seattle Center connections
 - Creates additional traffic issues by egressing 850 vehicles
- Primarily focused on Arena design, but lack of integration to Seattle Center and surrounding neighborhood immediate project site; not a lot of information related to neighborhood connections

Oak View—World Class Arena

Strengths

- Project team extensively experienced and positioned in entertainment/sports- Live Nation, NHL
- New Loading Dock with larger loading capacity for show trucks
- Improved rigging grid accommodates 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

Weaknesses

- Plan focus on best arena design+ financing; city works out remaining factors
- Limited consideration for surrounding neighborhood/Seattle Center

Oak View—Sustainable Operations

Strengths

- Reserve fund for maintenance, capital investments :OVG seed \$1m w/Arena completion + \$1m per annum up to \$5m cap. (\$1m min. balance: lifetime of lease)
- Elevators and escalators at all four corners for vertical movement
- Partnership with Live Nation/Ticketmaster

Weaknesses

- New organization with strong leader but fragmented teams and complicated structure
- Exclusive control of all garages outside scope of RFP; if realized, Seattle Center primary revenue stream at risk
- Exclusive control of sponsorship sales for all commercial entities + assistance to Seattle Center sponsorship sales;
 - Limits upside revenue stream for Seattle Center
 - Potential impacts non-profits/smaller organization presence, development

Oak View—Integration to Seattle Center

Strengths

- General commitment to working with Seattle Center and other tenants/neighborhood stakeholders
- Technology plan offers robust integration/coordination + fiber

Weaknesses

- Tenant relocation responsibility capped at 500k; pushes back to City/Tenants
- Skateboard Park is not replaced on campus
- Seattle Center exclusive dates commitment

Seattle Partners Findings Overview

Strengths

- Integrated design that connects to surrounding neighborhood and Seattle Center
- \$5M commitment towards transportation investments

Weaknesses

- Design of building not as strong—maintains large portions of building and constraints
- Possible Landmark issues
- Premium seating and Club Spaces not as flexible or in line with current demand

Seattle Partners—World Class Arena

Strengths

- New loading dock -20 plus show-trucks; faster turnovers
- Expanded size of Arena
 - South end with new entrance East/West access
 - Curtain wall pushed out for large concourse
 - Concessions and suites + new club spaces for extra premium seating
 - Size to 600k sq ft.
- AEG Facilities management of building

Weaknesses

- Not as comprehensive a design as OVG; less variety/flexible space
- Current arena constraints carry-over into design: concourse, concessions club space
- Bond payback is flat \$5 for all tickets subject to pushback from Storm/SU
- 2 box offices confusing, lacks streamlining required
- Added F&B to outside arena which may impact Armory F&B vendors

Seattle Partners—Sustainable Operations

Strengths

- Extensive, long-term working relationship with Seattle Center at KeyArena which has helped the facility become profitable
- Strong local connections with Showbox Presents- deeply rooted, experienced player in broader Seattle market, helped revitalize Bumbershoot
- Robust corporate infrastructure, experienced facility maintenance/operations; hundreds of arenas worldwide

Weaknesses

- Submitted design/constraints raise concerns over AEG's ability to flex up to new trends/practices in premium seating/club spaces
- South End only elevators; problematic

Seattle Partners—Integration to Seattle Center

Strengths

- Much thought about neighborhood/area integration
- Creative ideas re adjacent public spaces/programming integrating into Seattle Center campus
- Saves Skatepark via relocation—smaller but still on campus
- Adds new office space for Seattle Center tenant organization
- Developing proprietary data systems to inform traffic, parking, concessions and staffing

Weaknesses

- Strong exterior design options may not be sufficient to offset shortcoming of Arena design
- AEG sponsorship plan seems overly optimistic, especially in first several years
- New Office Space for tenants not funded

Conclusions

- Overall, OVG has a strong arena and bowl design, finance package, but as a relatively new company, not a big infrastructure, but better more flexible building design
- Seattle Partners had a strong comprehensive response to the RFP, with a weaker building design, but has strong working relationships with Seattle Center already and deep bench to deal with issues

Questions?

Thank you.

Marc Jones

Seattle Center Director of Marketing & Business Development

Marc.jones@seattle.gov

<http://www.seattlecenter.com>

