

RESOLUTION No. 30810

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Nick Licata 

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SEATTLE CITY ATTORNEY

Introduced: OCT 17 2005	By: LICATA & DELLA, SPRING
Referred: OCT 17 2005	To: FULL COUNCIL
Referred:	To:
Reported: 10-24-05	
Passed: 10-24-05	Signed:
Filed: 10/31/05	Published: <i>Little 4ppg, Dycine</i>

10-24-05 Adopted As Amended ⁽⁶⁾₍₃₎

US5171

Law Department

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RESOLUTION 30810

1
2 A RESOLUTION stating the Mayor and Seattle City Council's position on lobbying the
3 Washington State Legislature to provide public funding to remodel KeyArena and
4 requiring certain information to be submitted for Council consideration.

5 WHEREAS, KeyArena is a City-owned facility that, in addition to professional basketball games,
6 hosts a variety of events throughout the year and is an integral component of the Seattle
7 Center; and

8 WHEREAS, in 1994, the City issued \$73.4 million in long-term general obligation bonds and
9 the Seattle Sonics (the "Sonics") contributed \$20 million to pay for an extensive
10 remodel of KeyArena; and

11 WHEREAS, consultants hired by Seattle Center to analyze the economic impacts of the 1994
12 remodel projected that the revenues generated from suites, club seats, and naming
13 rights would generate from \$23 million to \$37 million more than actual revenue
14 received to date; and

15 WHEREAS, Seattle Center has needed to pay with other revenue sources the difference
16 between the revenues it has received from suites, club seats, and naming rights and
17 payments it owes for the KeyArena remodel, which has amounted to approximately
18 \$12.1 million to date; and

19 WHEREAS, Seattle Center is projecting that these revenue streams will continue to generate
20 insufficient revenues to cover the scheduled debt service in 2005-06 and beyond; and

21 WHEREAS, to reduce interest costs associated with the debt from the 1994 remodel, the City of
22 Seattle defeased the original bonds on behalf of Seattle Center, using funds from various
23 sources other than KeyArena revenues; and

24 WHEREAS, Seattle Center is responsible for repaying the City of Seattle for the funds used to
defeas the KeyArena debt and the remaining annual payments owed, including
principal and interest, which is approximately \$6.3 million annually through 2010 and
\$5.9 million annually from 2011-2014; and

WHEREAS, the Sonics contract with the City expires in September 2010, but the City will still
be obligated to pay debt service through 2014; and

WHEREAS, before agreeing to request state financing to remodel KeyArena, the Mayor and City
Council are interested in exploring and evaluating other tenant and event options for
KeyArena that could occur when the Sonics contract expires in 2010;



1 WHEREAS, the Mayor and City Council believe that decisions as to the future management and
2 operating structure of the KeyArena are properly decisions of the City as the owner of
3 KeyArena; and

4 WHEREAS, because Seattle Center and KeyArena are regional facilities drawing people from
5 around the State, the Mayor and City Council believe it is appropriate to request state
6 assistance to help repay Seattle Center's outstanding debt stemming from KeyArena since
7 any existing debt not covered by revenues generated by the Sonics must be paid from other
8 revenues of the City; NOW THEREFORE,

9 BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR
10 CONCURRING THAT:

11 Section 1. The Mayor and Seattle City Council may support lobbying efforts to secure
12 state financial assistance for the costs the City has incurred from the 1994 remodel of
13 KeyArena.

14 Section 2. The Mayor and City Council will make a joint decision whether to support
15 efforts to lobby the State Legislature to provide public funding for any future extensive remodel
16 of KeyArena upon the City Council receiving the necessary information to conduct an open and
17 transparent decision-making process in which it can evaluate the pros and cons associated with
18 such action.

19 Section 3. The Executive shall provide to the Seattle City Council the following
20 information by November 15, 2005:

- 21 A. All plans, architectural drawings, and proposals that have been developed since
22 2003 regarding options for remodeling KeyArena, broken down by major proposed
23 improvement and cost.
- 24 B. Any analysis, reports, findings, and conclusions related to the redevelopment or
revenue generating abilities of KeyArena that have been prepared over the last five
years by private consultants, Seattle Center staff, or Executive staff.
- C. Copies of all consultant Scope(s) of Work from the last five years related to
KeyArena's redevelopment or revenue generating options



1 D. Any analysis of the financial and labor implications of proposed H.B. 2209, which
2 was introduced in the Washington State Legislature in early 2005, including impacts
3 that this legislation would have on the City of Seattle's and the Sonics bottom lines.

4 Section 4. The Executive shall provide to the City Council by December 31, 2005,
5 reasonable and realistic options for operating KeyArena without the Sonics. Each option
6 should include a description of the activity, along with associated costs, projected attendance,
7 revenue, estimated number of events per year and supporting details for the financial
8 assumptions.

9 Section 5. The Executive shall provide to the Seattle City Council any analysis it
10 undertakes regarding the financial, economic, and labor implications of any proposed state
11 legislation regarding current and future improvements to KeyArena that is introduced in 2006,
12 including impacts such legislation would have on the City of Seattle in the event and prior to
13 the Mayor and Seattle City Council deciding on lobbying the Washington state legislature for
14 obtaining financial support to pay off the outstanding debt on the Key Arena 1995 remodel
15 and/or make competitive improvements to the facility.

16 Section 6. The Mayor and City Council agree that management of the City-owned
17 KeyArena is a local decision and should not be mandated in any State legislation to finance
18 past or future improvements to the KeyArena.
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Section 7: The Mayor and the Council agree that no City resources will be used for lobbying the state legislature for public funding to remodel KeyArena unless and until the Executive and the City Council have arrived at a joint position on the future of KeyArena that indicates such lobbying would be appropriate.

Adopted by the City Council the 24th day of October, 2005, and signed by me in open session in authentication of its adoption this 24th day of October, 2005.



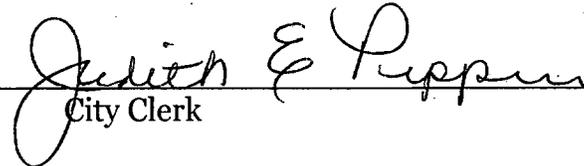
President _____ of the City Council

THE MAYOR CONCURRING:



Gregory J. Nickels, Mayor

Filed by me this 31st day of October, 2005.



City Clerk

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FISCAL NOTE FOR CAPITAL PROJECTS ONLY

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Christa Valles (206) 684-5336	

Legislation Title: A RESOLUTION stating the Mayor and Seattle City Council's position on lobbying the Washington State Legislature to provide public funding to remodel KeyArena and requiring certain information to be submitted for Council consideration.

Summary and background of the Legislation:

This resolution requires the Mayor and City Council to agree on a future plan for KeyArena. As stated in Section 7: The Mayor and the Council agree that no City funds will be used for lobbying the state legislature for public funding to remodel KeyArena unless and until the Executive and the City Council have arrived at a joint position on the future of KeyArena that indicates such lobbying would be appropriate.

Project Name:	Project I.D.	Project Location:	Start Date:	End Date
No project name at this time				

- *Please check any of the following that apply:*

This legislation creates, funds, or anticipates a new CIP Project. *(Please note whether the current CIP is being amended through this ordinance, or provide the Ordinance or Council Bill number of the separate legislation that has amended/is amending the CIP.)*

This legislation does not have any financial implications. *(Stop here and delete the remainder of this document prior to saving and printing.)*



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President _____ of the City Council

Filed by me this _____ day of _____, 2005.

City Clerk



RESOLUTION 30810

1
2 A RESOLUTION stating the Seattle City's Council position on lobbying the Washington State
3 Legislature to provide public funding to remodel KeyArena and requiring certain
information to be submitted for Council consideration.

4 WHEREAS, KeyArena is a publicly-owned facility that, in addition to professional basketball
5 games, hosts a variety of events throughout the year and is an integral component of the
Seattle Center; and

6 WHEREAS, in 1994, the City issued \$73.4 million in long-term general obligation bonds to
7 help pay for an extensive remodel of KeyArena on behalf of the Seattle Super Sonics (the
"Sonics"); and

8 WHEREAS, consultants hired by Seattle Center to analyze the economic impacts of the 1994
9 remodel projected that the revenues generated from suites, club seats, and naming
rights would generate \$37 million more than actual revenue received to date; and

10 WHEREAS, Seattle Center has needed to pay with other revenue sources the difference
11 between the revenues it has received from suites, club seats, and naming rights and
12 payments it owes for the KeyArena remodel, which has amounted to approximately
\$12.5 million to date; and

13 WHEREAS, Seattle Center is projecting that these revenue streams will continue to generate
insufficient revenues to cover the scheduled debt service in 2005-06 and beyond; and

14 WHEREAS, while recently built baseball and football stadiums within Seattle may have had some
15 negative impacts on attendance at Sonics games, other variables, such as team
16 performance, ticket pricing, different playing seasons, and local economic conditions also
influence ticket sales, and therefore, it cannot be assumed that remodeling KeyArena will
17 reverse declining Sonics attendance and demand for tickets and provide an overall
economic benefit to the City of Seattle; and

18 WHEREAS, to reduce interest costs associated with the debt from the 1994 remodel, the City of
Seattle defeased the original bonds on behalf of Seattle Center, using funds from various
19 sources other than Seattle Center revenues;

20 WHEREAS, Seattle Center is responsible for repaying the City of Seattle for the funds used to
defeas the KeyArena debt and the remaining annual payments owed, including
21 principal and interest, is approximately \$6.6 million annually through 2014; and

22 WHEREAS, the Sonics contract with the City expires in September 2010, but Seattle Center
will still have four years of \$6.6 million in annual payments that it is expected to make
23 to the City; and
24



1 WHEREAS, in 1993, the Seattle City Council expressed concern that the contract with the
2 Sonics ended prior to the debt repayment schedule but in a letter to the City Council, the
3 Seattle Center Director assured the Council that conservative projections showed
"commercial business in the new Coliseum, even without the Sonics, will be more than
enough to pay the remaining debt"; and

4 WHEREAS, before agreeing to request state financing to remodel KeyArena for the benefit of
5 professional sports teams and their owners, the City Council is interested in exploring and
6 evaluating other tenant and event options for KeyArena that could occur when the Sonics
contract expires in 2010;

7 WHEREAS, national studies undertaken by independent economists and academics indicate that
8 publicly financed sport stadiums do not produce the economic benefits frequently claimed
in reports commissioned by privately owned sports organizations; and

9 WHEREAS, the Seattle City Council will not support state financing to remodel KeyArena if such
10 legislation requires the City to turn over operations of KeyArena to the Sonics since any
decision regarding the operations or disposition of KeyArena should remain with the City
of Seattle; and

11 WHEREAS, because Seattle Center and KeyArena are regional facilities drawing people from
12 around the State, the City Council believes it is appropriate to request state assistance to
13 help repay Seattle Center's outstanding debt stemming from KeyArena since any existing
debt not covered by revenues generated by the Sonics must be paid from other revenues of
the City; and

14 WHEREAS, the City Council intends to prohibit the use of city funds for lobbying efforts to
15 obtain public funding to remodel KeyArena for use by professional sports teams unless and
16 until the Executive has submitted the information requested below and the Mayor and the
City Council have jointly agreed to a plan on the future of KeyArena; NOW THEREFORE,

17 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE:**

18 Section 1. The Seattle City Council may support lobbying efforts to secure state financial
19 assistance for the costs the City has incurred from the 1994 remodel of KeyArena. The City
20 Council will not, however, support efforts to lobby the State Legislature to provide public
funding for an extensive remodel of KeyArena for use by the Sonics prior to the City Council
receiving the necessary information to conduct an open and transparent decision-making
process in which it can evaluate the pros and cons associated with such action.

21 Section 2. The Seattle City Council requests that the Executive submit the following
22 information no later than November 15, 2005:



- 1 A. All plans, architectural drawings, and proposals that have been developed since
- 2 2003 regarding options for remodeling KeyArena, broken down by major proposed
- 3 improvement and cost.
- 4 B. Any analysis, reports, findings, and conclusions related to the redevelopment or
- 5 revenue generating abilities of KeyArena that have been prepared over the last five
- 6 years by private consultants, Seattle Center staff, or Executive staff.
- 7 C. Copies of all consultant Scope(s) of Work from the last five years related to
- 8 KeyArena's redevelopment or revenue generating options
- 9 D. An analysis of the financial and labor implications of proposed H.B. 2209, which was
- 10 introduced in the Washington State Legislature in early 2005, including impacts that
- 11 this or similar legislation would have on the City of Seattle's and the Sonics bottom
- 12 lines.

7 Section 3. The Seattle City Council requests that the Executive submit the following
8 information no later than December 15, 2005:

- 9 A. Reasonable and realistic options for operating KeyArena without the Sonics. Each
- 10 option should include a description of the activity, along with associated costs,
- 11 projected attendance, revenue, estimated number of events per year and supporting
- 12 details for the financial assumptions.
- 13 B. Information demonstrating the return on investment to the City and general public if
- 14 public funds are used to pay for the proposed remodel of KeyArena for use by the
- 15 Sonics.

13 Section 4. The Seattle City Council will restrict spending in the 2006 budget to prohibit the use
14 of City funds for lobbying the state legislature for public funding to remodel KeyArena unless
15 and until the Executive has submitted the information requested in Sections 2 and 3 of this
16 resolution and the City Council has arrived at a position on the future of KeyArena that indicates
17 such lobbying would be appropriate.

16 Section 5: The Seattle City Council will not support the receipt of public funds from the State to
17 remodel KeyArena if such funding would require the City of Seattle to turn over operations of
18 KeyArena to the Sonics ownership. The City of Seattle may determine, independent of the
19 State legislature, that such action is in the best interest of the citizens of Seattle, but the ability
20 to make this determination should remain with the City of Seattle.

20 Adopted by the City Council the _____ day of _____, 2005, and signed by
21 me in open session in authentication of its adoption this _____ day of _____,
22 2005.



STATE OF WASHINGTON - KING COUNTY

--SS.

191474
CITY OF SEATTLE, CLERKS OFFICE

No. RESOLUTION TITLE ONLY

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

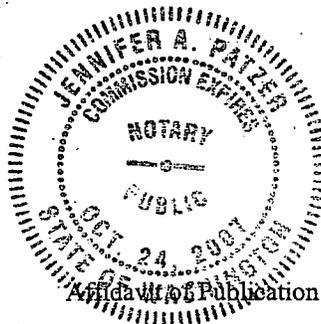
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:30810 & 30811 TITLES

was published on

11/02/05

The amount of the fee charged for the foregoing publication is the sum of \$ 39.75, which amount has been paid in full.



[Signature]
Subscribed and sworn to before me on
11/02/05 *[Signature]*

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following resolutions, passed by the City Council on October 24, 2005, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 684-8344.

RESOLUTION NO. 30810

A RESOLUTION stating the Seattle City's Council position on lobbying the Washington State Legislature to provide public funding to remodel KeyArena and requiring certain information to be submitted for Council consideration.

RESOLUTION NO. 30811

A RESOLUTION authorizing the Mayor to sign and/or execute a collective bargaining agreement by and between the City of Seattle and the Seattle Municipal Court Marshals' Guild, International Union of Police Associations, Local 600 to be effective through December 31, 2007.

Publication ordered by JUDITH PIPPIN,
City Clerk

Date of publication in the Seattle Daily
Journal of Commerce, November 2, 2005.

11/2(191474)