

RESOLUTION No. 30870

A RESOLUTION stating the City Council's support for state legislation that would provide revenues to service existing Key Arena debt; fund Seattle Center capital improvements and operations, King County art and cultural institutions, and art education programs; and promote tourism in Seattle and King County.

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Law Department

RESOLUTION 30870

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3 A RESOLUTION stating the City Council's support for state legislation that would provide
4 revenues to service existing KeyArena debt; fund Seattle Center capital improvements
5 and operations, King County art and cultural institutions, and art education programs; and
6 promote tourism in Seattle and King County.

7 WHEREAS, Resolution 30866 states, "while it is important to make reasonable efforts to keep
8 the Sonics and Storm here in Seattle at KeyArena and it is in the interest of the public for
9 the City to negotiate in good faith with the Basketball Club of Seattle, the City Council
10 remains open to exploring alternative uses for KeyArena and any proposed lease will be
11 evaluated against the costs and benefits of other viable uses for KeyArena"; and

12 WHEREAS, the following is an alternative that provides funding for KeyArena and the Seattle
13 Center, and may be one option the Council uses to evaluate against any proposed lease;
14 and

15 WHEREAS, if the City of Seattle and the Basketball Club of Seattle are unable to reach
16 agreement on a lease that can be supported by both parties, the City Council urges the
17 state legislature to consider extending King County's "visitor" or "user" taxes/fees to
18 fund capital improvements for all of Seattle Center, in addition to funding the arts, art
19 education, and tourism promotion; and

20 WHEREAS, the debt associated with the construction of the Kingdome, Safeco Field, and Qwest
21 Field will be paid off in future years, thereby "freeing up" the tax revenues (frequently
22 referred to as "visitor" or "user" taxes/fees) used to pay for the debt service on these
23 buildings; and

24 WHEREAS, the 2005 state legislature considered extending these visitor/user taxes to help pay
25 for a remodel of KeyArena to increase its competitiveness as a venue for professional
26 basketball; and

27 WHEREAS, the 2005 state legislature indicated that it could not vote to extend such taxes until
28 the City of Seattle and the Basketball Club of Seattle reached agreement on a new lease;
and

WHEREAS, Sections 1 and 2 of this resolution outline how such revenues might be allocated
among the various purposes described above; and



1 WHEREAS, in 1994, the City of Seattle issued bonds to finance a \$74 million remodel of
2 KeyArena and the associated debt was to be paid from revenues generated from the sale
3 of suites, club seats, and facility naming rights; and

4 WHEREAS, since 1995, the City has had to pay approximately \$20 million of its own funds
5 towards debt payments related to the 1994 KeyArena remodel because revenues
6 generated from KeyArena's suites and club seats have been inadequate; and

7 WHEREAS, as of February 2006, \$54.1 million of the original \$73.4 million in debt remains to
8 be paid; and

9 WHEREAS, according to the February 2006 Seattle Center Economic Impact Assessment study
10 the Seattle Center is a regional facility generating \$1.15 billion in business activity in
11 2005; and

12 WHEREAS, according to the 2003 Economic Impact Study of Arts and Cultural Organizations
13 in King County, art and cultural institutions generated \$835 million in business activity in
14 King County; and

15 WHEREAS, educators recognize that arts education is a critical component of student education,
16 yet arts education is inadequately funded; and

17 WHEREAS, according to the June 2005 Market Profile and Economic Impact of Seattle-King
18 County Visitors report, tourism and convention attendees generated \$3.97 million in
19 visitor expenditures in 2004; and

20 WHEREAS, because Seattle Center, King County arts and cultural organizations, and tourism
21 provide significant financial and cultural contributions to King County and the State, the
22 City Council believes the provision of additional public funding is justified and in the
23 public interest; NOW, THEREFORE,

24 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:**

25 Section 1. If the City of Seattle and the Basketball Club of Seattle are unable to reach a
26 mutually acceptable lease agreement that would retain the Basketball Club of Seattle as a primary
27 tenant of KeyArena, the City Council would support the passage of state legislation that would
28 enable King County to extend existing taxes and lottery revenues that are currently used to

1 service the debt on the Kingdome, Safeco Field and Qwest Field for purposes similar to those
2 outlined in Section 2 of this resolution.

3 Section 2. The Council supports dedicating King County "visitor" or "user" taxes/fees in
4 a manner that is consistent with the following types of uses:

- 5 • Refinance the existing KeyArena debt in 2008;
- 6 • Provide \$20 million for immediate improvements to KeyArena to improve its
7 functionality as a multipurpose venue to host a variety of events, such as minor
8 league sports and concerts of 3,000 to 7,000 people;
- 9 • Provide long term capital funding for Seattle Center capital needs over the next
10 twenty years; and
- 11 • Provide funding for the arts in King County, and eliminate the gap in basic funding
12 that King County arts programs would face between 2013 to 2020 because the hotel
13 motel tax was used to pay for Kingdome and Qwest Field debt during this period;
- 14 • Create an Arts Education Program by replacing the Baseball Lottery with an Arts
15 Education Lottery, that would fund arts education programs at the Seattle Center
16 and throughout Washington State; and
- 17 • Provide immediate and ongoing funding for tourism economic development in
18 King County.

19 Adopted by the City Council the ____ day of _____, 2006, and signed by me in
20 open session in authentication of its adoption this ____ day of _____, 2006.

21 _____
22 President _____ of the City Council

23 _____
24 City Clerk

25 (Seal)

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Newell Aldrich/6-9011	NA

Legislation Title: A Resolution in support of state legislation that would provide revenues to service existing KeyArena Debt; fund Seattle Center capital improvements and operations, King County art and cultural institutions, and art education programs; and promote tourism in Seattle and King County.

• **Summary of the Legislation:**

In April, 2006 the Council adopted Resolution 30866 providing guidelines for financing improvements to the KeyArena and negotiating a lease to retain the Seattle Sonics and Storm as prime tenants. That resolution stated that the Council remained open to exploring alternative uses for the KeyArena and that any Sonics lease should be evaluated against the cost and benefits to the City of alternative uses. This resolution provides such an alternative – one that emphasizes improvements to the Seattle Center generally (rather than focusing on KeyArena) and enhanced funding for the arts. It identifies a limited continuation of the State taxes now levied in King County for the benefit of the King Dome, Safeco Field and Qwest Fields and State Lottery funds as the funding source for the alternative. It urges the State legislature to act to allow continuation of the taxes and State Lottery revenues for this alternative.

• **Background:**

The Sonics lease for the use of KeyArena ends in 2010 and the franchise has asked the City to support an approximately \$220 set of improvements to the Arena that the franchise says will make the Arena a competitive place to play. In addition the Sonics have indicated that they want a lease that grants the team more of the revenues generated by events in the KeyArena. The City has undertaken a review of possible futures for the KeyArena and the Seattle Center with and without the Sonics. This resolution is part of that effort.

• *Please check one of the following:*

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

