

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
Seattle Center	Marc Jones, 615-0228	Michael McVicker, 727-8516

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

a. Legislation Title: AN ORDINANCE relating to the Seattle Center Department; authorizing the Seattle Center Director to execute a facility use agreement with Force 10 Hoops, LLC, for use and occupancy of KeyArena and adjacent areas at the Seattle Center; making findings of fact about the value provided by professional women’s basketball in Seattle; exempting the agreement from the requirements of Chapter 20.47 of the Seattle Municipal Code; and superseding an earlier agreement authorized by Ordinance 122907.

b. Summary and background of the Legislation:

This legislation authorizes an agreement with Force 10 Hoops, LLC (“F10H”) for the use of KeyArena for home games of the Seattle Storm (“Storm”) of the Women’s National Basketball Association (WNBA). The agreement commences upon execution and covers the 2018 through 2028 WNBA seasons and terminates and replaces the prior 2009 Facility Use Agreement.

Background:

Women’s professional basketball has been played at Seattle Center since 1996, when the Seattle Reign team of the now-defunct American Basketball League (ABL) began their first season playing in the Mercer Arena.

In 2000, the Seattle Storm played their inaugural season in KeyArena.

The Storm is a two-time WNBA champion. The Storm won the 2004 WNBA Championship in front of a sold out KeyArena crowd and again in 2010 with a clean 7-0 sweep of the playoffs.

The Storm contribute to civic pride and community spirit, as illustrated by being voted “Best Home Court Advantage” in the WNBA for six straight WNBA seasons 2009-2014, a direct nod to Seattle’s passionate fans.

Scheduled to host the 2017 Verizon WNBA All-Star Game, the Storm also provide a national forum to highlight the Pacific Northwest.

In 2008, the Seattle City Council approved Resolution 31039 related to women’s professional basketball which provided guidance for negotiating terms for use of KeyArena at Seattle Center by F10H. The resolution affirmed the value of a locally owned, women’s professional basketball team to the social and economic environment of Seattle.

In 2009, Ordinance 122907 authorized execution of a ten-year facility use agreement for the playing of Storm home games at KeyArena and the provision of certain public benefits to the City and the public. That agreement will end on December 31, 2018.

The City released a Request for Proposals (RFP) for Redevelopment of KeyArena at Seattle Center in January 2017 with proposals due to the City by April 12, 2017. The RFP noted that maintaining the presence of a WNBA team in the Seattle region is important to the City, and it is anticipated that any operator of the redeveloped arena would also recognize the value of the Seattle Storm and be committed to their continued presence. The RFP also included Storm-related expected redevelopment terms: 1) the City would cooperate with the selected proposer to relocate the Seattle Storm during redevelopment with the proposer responsible for associated costs and contract obligations, and 2) upon opening of the new arena, the Storm would continue as a tenant of the arena through the remaining term of their Facility Use Agreement under the same terms and conditions.

The new agreement terminates and replaces the prior 2009 Facility Use Agreement and outlines the terms and conditions under which the Seattle Storm would play in KeyArena, or a redeveloped new arena, from execution of the agreement through December 31, 2028.

Agreement Terms:

- The Storm will play all their home games in KeyArena (with exceptions during a potential redevelopment), may use the facility for practice sessions and may hold up to five fan generation/appreciation or sponsorship events per year.
- F10H will provide the following public benefits:
 - One thousand tickets per season at no cost to local non-profits for distribution to children who might otherwise be unable to afford to attend a Storm game.
 - Each season through the agreement term, the Storm will provide a significant community service program, such as clinics with players teaching the importance of healthy and active lifestyles to young people and partnering with non-profit organizations to improve literacy, involving players, coaches, staff and owners and the WNBA.
 - An environmental sustainability program to help public and private agencies work together to educate the public about steps individuals can take to contribute to a healthier environment.
 - A ticket pricing structure that will ensure at least five hundred (500) tickets are priced no greater than \$15 per game, so that a broad cross-section of the community is always able to attend Storm games.
- The agreement continues a revenue sharing structure with F10H in recognition that the Storm's presence in KeyArena enhances certain City revenues, such as sponsorship, suite sales, and advertising. In return, F10H shares financial responsibility for maintenance of

portions of the facility and for certain day of game Seattle Center event staff. As part of the revenue sharing arrangement, beginning in 2017, F10H will receive an annual payment of \$340,198, indexed for inflation, for the building naming rights, premium seating and suite sales, and advertising. The City retains the right to these revenue sources.

- F10H will pay a per-game License Fee of \$5,715 for the lower bowl configuration, plus additional charges for use of upper bowl sections, up to a maximum of \$8,115 for use of the lower and upper bowls, indexed to the annual Cost of Living Adjustment (COLA).
- The City retains the right to sell advertising and retain all advertising revenues at KeyArena, but grants to F10H the ability to sell temporary advertising in the lower bowl and other selected areas on game days.
- The City will provide an information technology (IT) liaison to help manage and coordinate IT related issues and needs between KeyArena systems and F10H's systems.
- The City will continue to supply the basketball floor for use by the Storm and F10H will be responsible for all costs associated with painting or finishing the floor. The City will use its best efforts to include a replacement floor for F10H's use in any redevelopment of KeyArena. If the floor needs to be replaced, F10H is responsible for doing so in the first 5 years of the term and the City is responsible in the last 5 years of the term.
- F10H will have the exclusive right to sell novelties at Storm games and to retain associated revenues. In addition, F10H could, with Director approval, sell novelties elsewhere on the Seattle Center campus.
- F10H will receive 30% of revenues from concessions sold at Storm games inside KeyArena. F10H, with the approval of the Director, may also sell concessions outside KeyArena.
- One suite will be made available for the use of F10H for all KeyArena events and, if there are unleased suites, a second suite will be made available during Storm home games. A south end suite club will also be made available for home games.
- F10H is granted the use of 500 parking permits annually in the First Avenue North Garage for use during their games at no charge.
- The City reserves the right to use KeyArena during the Bumbershoot Festival on Labor Day weekend. F10H will work with the WNBA to avoid scheduling games on Labor Day weekend, but every 4 years, due to the Women's World Championships and their impact on the WNBA schedule, scheduling around the Bumbershoot Festival will be onerous and may not be possible. If, even with the best efforts of both parties, KeyArena cannot be made available due to the Bumbershoot Festival and F10H must relocate a game(s) to another venue, the City will pay F10H for additional costs incurred and lost revenues, up to a maximum of \$260,000 per game.
- While redevelopment of KeyArena is expected to be beneficial for the Storm, reservation of redevelopment rights and F10H's loss of ability to enter long-term revenue generating agreements, like advertising and sponsorship agreements, may have negative financial impacts on the Storm. As consideration for these impacts, the City will pay F10H \$100,000 per year, beginning in 2018. Appropriation for the payment will be requested in the 2018 budget.

- If KeyArena is redeveloped and the Storm need to relocate to another facility, the City will pay F10H a percentage of additional costs incurred and lost revenues, up to a maximum amount for regular games. An additional payment is made for any relocated playoff games. The percentage paid for regular games adjusts both by the amount paid and the length of the relocation. The following table provides details on the payments:

Time Relocated	Payment Cap and Basis	Additional Cost Payment	Lost Revenue Payment	Playoff games
1-10 games in a single season	\$260,000 per game	Capped at \$60,000: 100% of costs up to \$50,000; 90% of costs above \$50,000.	Capped at \$200,000: 100% of lost revenue up to \$85,000; 75% of lost revenue above \$85,000.	Costs and revenues handled like regular games, but based on post-season game average.
11 games to 2 seasons	\$2,600,000 per season	Capped at \$600,000: 100% of costs up to \$500,000; 80% of costs above \$500,000.	Capped at \$2,000,000: 100% of lost revenue up to \$850,000; 65% of lost advertising revenue and 50% of non-advertising revenue above \$850,000.	\$50,000 per game for round 1 and 2 games; \$60,000 per game for round 3 and 4 games.
More than 2 seasons	\$2,600,000 per season	Capped at \$600,000: 100% of costs up to \$500,000; 90% of costs above \$500,000.	Capped at \$2,000,000: 100% of lost revenue up to \$850,000; 85% of lost advertising revenue and 75% of non-advertising revenue above \$850,000.	\$50,000 per game for round 1 and 2 games; \$60,000 per game for round 3 and 4 games.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project? ___ Yes ___X___ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes ___X___ No

Note: This legislation will necessitate a future \$100,000 appropriation increase for Seattle Center’s 2018 budget. The agreement includes a \$100,000 annual payment from the City to help address the negative financial impact to the Storm of uncertainty related to redevelopment of KeyArena. This amount will be included in the Seattle Center 2018 budget proposal.

- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
 No.

c. Is there financial cost or other impacts of *not* implementing the legislation?

The cost of not implementing the legislation is the loss of a professional women's basketball franchise in KeyArena and potentially in Seattle. Without this agreement, the team would have to seek another venue for its home games.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No.

b. Is a public hearing required for this legislation?

No.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

e. Does this legislation affect a piece of property?

No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

The public benefits required under this agreement provide a ticket pricing structure that ensures a broad cross-section of the community can attend Storm games and provides for 1,000 free tickets per season to be given to local non-profits for children who might otherwise not be able to attend a game. The Storm also offers an annual community service program designed to positively impact the youth of our community.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

This legislation does not include a new initiative or a major programmatic expansion.

h. Other Issues:

If KeyArena is redeveloped, this legislation enables the Storm's use of the redeveloped arena through 2028.

List attachments/exhibits below: NA