



SEATTLE CITY COUNCIL

June 26, 2017

Mayor Edward Murray
City of Seattle
600 Fourth Avenue, Floor 7
Seattle, WA 98104

Re: Proposed KeyArena Redevelopment

Dear Mayor Murray:

We appreciate the time and effort you and your staff have devoted to the possible redevelopment of KeyArena at Seattle Center into a world-class, multi-purpose sports and entertainment facility.

We look forward to receiving your proposed legislation. Be assured that we will review and act on that legislation consistent with our statutory and fiduciary obligations. Since KeyArena is a City-owned facility, we have a responsibility to protect and enhance this significant asset for the benefit of the people of Seattle and the region, both for the present and for years to come.

Your team's memo dated May 31, 2017 (Attachment A), the Community Advisory Panel's *Final Summary Report and Observations* (Attachment B), and the Uptown Alliance letter of June 1, 2017 (Attachment C), identified significant strengths and weaknesses in the KeyArena proposals submitted to the City. We understand that your staff will spend the summer negotiating a detailed Memorandum of Understanding (MOU) between the City and the Oak View Group. We hope this MOU will establish a framework to resolve the questions and concerns raised during the RFP process in the final development and lease agreements.

The Council's consideration of the MOU and authorizing legislation will, of course, determine whether and how the KeyArena redevelopment project integrates with the broader opportunities presented at Seattle Center. The MOU should provide a roadmap to address the following points which will be focus of our review:

- **Seattle Center Integration:** How the project contributes to the urban fabric and state of the art high-tech programming at Seattle Center, including how existing arts, music, theater and other organizations are served. With respect to existing tenants, a City goal should be to minimize disruptions to them caused by the redevelopment.

- **City Investments:** How municipal taxes generated by activities at KeyArena are used to meet City needs at Seattle Center and in adjacent neighborhoods, specifically public safety, parking and traffic enforcement, and the arena's long-term capital needs.
- **Due Diligence:** Whether financial protections sufficiently address the potential for cost overruns, bankruptcy, and other unforeseen circumstances; the financial viability of Oak View Group and their principal investors; and the reasonableness of the various financial models and forecasts prepared by Oak View Group.
- **Operations & Maintenance:** Whether the proposal meets high quality, sustainable, day-to-day maintenance, facility management, and operational concerns.
- **Transportation:** How area transportation management addresses neighborhood and city-wide needs, including specific measurable outcomes and performance reviews, innovative mobility strategies, and the impacts on adjacent neighborhoods. The Council will pay close attention to public/community benefits and may host a transportation charrette to give stakeholders an opportunity to influence the project's transportation management plan.
- **Equitable Opportunities:** How the proposal involves current and future workers at the facility, including employee protections and representation as reflected in a comprehensive labor peace agreement. Council will evaluate the project's approach to business owners from under represented communities; the City's Priority Hire policy objectives; and plans to involve small and locally-owned businesses in delivering concession and products and other similar services at KeyArena.

The above list is not exhaustive, but represents the currently identified major issues.

To help us review your proposed legislation and MOU, the Council intends to retain an independent consultant with expertise in developing world-class municipal arenas, especially as it relates to risks associated with the financial terms and conditions, municipal financial protections, and the Oak View Group's expertise and wherewithal to successfully complete the project. This independent review could include whether or not Oak View Group and its investors have the financial standing, creditworthiness, and corporate structure necessary to ensure that it can deliver on its commitments.

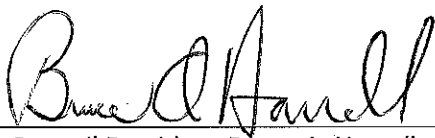
Given Council's other responsibilities and time constraints, we request that you transmit any negotiated MOU by September 12, 2017. This would allow the Select Committee on Civic Arenas to hold at least one public meeting before Council begins deliberations on the City's annual budget. In order to help meet this schedule, we understand that you have agreed to make all information related to these negotiations fully available to our Central Staff Director

Kirstan Arestad to allow for Council's timely consideration of the matter and minimize duplication of efforts.

We look forward to carefully reviewing your legislative proposal and working with you to make certain Seattle Center becomes even more successful, vibrant and a contributing part of the City and surrounding neighborhoods.

Please don't hesitate to contact the co-chairs of our select committee should you have any questions, and thanks again for your hard work to revitalize Seattle Center.

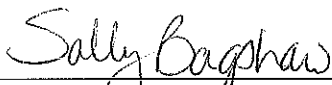
Sincerely,



Council President Bruce A. Harrell, Co-Chair,
Select Committee on Civic Arenas



Councilmember Debora Juarez, Co-Chair,
Select Committee on Civic Arenas



Councilmember Sally Bagshaw



Councilmember Tim Burgess



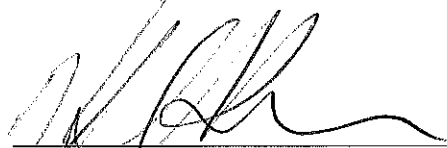
Councilmember M. Lorena González



Councilmember Lisa Herbold



Councilmember Rob Johnson



Councilmember Mike O'Brien



Councilmember Kshama Sawant