



SEATTLE ARENA DEVELOPMENT PROJECT



SEATTLE CITY COUNCIL
Select Committee on Civic Arenas

Briefing Packet for City Council

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Introduction

In a few short weeks, Seattle City Council is scheduled to take final action authorizing the Oak View Group, LLC. (OVG) and its affiliated companies and investors to proceed with the redevelopment of KeyArena at Seattle Center (Seattle Center Arena Development Project). This briefing packet is intended to assist Councilmembers in their preparations for further discussions in which issues and concerns may be addressed.

The schedule of meetings prior to action by Full Council follows:

September 7:	Select Committee: discuss issues and concerns
September 14:	Select Committee: discuss proposed amendments; committee action
September 24:	Full Council action (Note: Changed from September 17)

By way of background, the Council, on August 14, 2017, adopted [Resolution 31764](#), which set forth the Council’s expectations for the negotiation of, and approval process for the [Memorandum of Understanding \(MOU\)](#). Council approved the MOU which was signed by the Mayor and OVG on December 6, 2017. The MOU “set forth the material terms” of the proposed “transaction documents,” specifically a Development Agreement, a Lease Agreement, and a Seattle Center Integration Agreement, as well as ancillary documents to implement those agreements. According to Section 1 of the MOU, the parties intended that the MOU “be a binding and enforceable agreement” which would summarize the terms of the transaction documents, which in turn would, in good faith, be consistent with the terms, conditions and limitations of the MOU.

Following approval of the MOU, OVG and its equity partners and investors formed Seattle Arena Company, LLC (“ArenaCo”). That entity will redevelop, lease, and operate the Arena. The City and ArenaCo will be the signatories to the transaction documents.

The Council also explicitly expressed its collective priorities in a [June 26, 2017 letter](#) to the Mayor, including: minimizing the City’s financial participation and risks; making the City “whole” on its current revenues; using innovative mobility strategies to mitigate transportation impacts to ensure that affected workers, tenants, neighborhoods and small businesses are not harmed; and affording opportunities for residents of all income levels.

Over the past eight months, the City and OVG have negotiated the terms of the transaction documents. However, a separate regulatory process – including environmental review and permitting – is ongoing.

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Note: The legally binding documents for this project will override any errors or omissions contained in this document.

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8. WMBE Inclusion Plan
9. Qualified Worker Retention Plan
10. NODOMAP (North Downtown Mobility Action Plan)
11. Arena Access Management Plan

Financial Due Diligence

This section supplements the August 10, 2018 discussion with the City’s financial consultant David Abrams of Inner Circle Sports and the City Attorney’s Office. The MOU sections highlighted below relate to financial due diligence and risk mitigation matters. An electronic version of the MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
Project Description (Sets approximate project cost of \$600 million)	3
Cost Reimbursement (OVG’s \$3.5 million contribution to reimburse City for consultant costs)	4
Project Financing (Debt, investor equity, federal historic tax credit)	5
Construction and Completion Obligation (City’s financial consultant; financial due diligence)	6
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Arena Design, Development, and Construction (OVG responsibility/obligations)	14
City Conditions Precedent (Required City conditions before executing agreements)	21, 22

Financial Due Diligence – FAQ

1. Is City financing being provided to redevelop the Arena?

No. OVG and its affiliated companies and investors will assume all costs related to operating and maintaining the Arena. See the following questions for more detail.

2. How is the City certain that the developer (ArenaCo) has the required capital to fund the project?

The developer is placing its required equity in escrow. This will be in addition to its committed loan amounts.

3. How can the City be certain that the developer will have additional capital to fund any unforeseen costs?

The developer is providing additional equity over and above its developer contingency. The total of these amounts will exceed \$50 million.

4. How can the City be certain that the project costs will not escalate beyond the developer's ability to fund this project?

The construction management firm selected by the developer will enter into a Guaranteed Maximum Price (GMP) contract for the project based on an agreed upon scope.

5. How will the City know if construction costs exceed the GMP or if there are changes to the project scope?

The developer is responsible for all construction cost over-runs related to this project. The developer's lender will hire a construction monitoring firm to manage this process with strict information management and controls. The developer is using ICON Management to assist in the management of the construction process. The City will have its own internal representative to review and receive regular updates from the developer and its lender.

6. Who is responsible for funding future capital expenditures for the arena project and how can the City be certain that the arena will be maintained at a high level?

OVG and its arena operations team will be responsible for setting aside funds and making expenditures for all future capital needs. The MOU outlines a schedule for significant annual deposits and expenditures to a capital expenditure fund. ArenaCo must use those funds to maintain the arena to specified standards throughout the term of the operating lease.

7. Does the City have additional protections as the developer's lender has?

The Development Agreement provides protections which correspond to the lenders restrictions and controls regarding all aspects of the project construction process.

8. Will the city retain tax revenues at historical levels?

Yes, the City will maintain at least historical levels of tax and Seattle Center net operating revenues, known as the “Baseline Tax Threshold.” The City is entitled to rent revenues sufficient to cover the City’s current base revenue generated by KeyArena, the 1st Avenue North Parking Garage and campus sponsorship rights, known as “Baseline Rent.” Both the Baseline Tax Threshold and the Baseline Rent will be adjusted annually for escalation, with no negative adjustments, determined annually and adjusted by Consumer Price Index (CPI) for Urban Consumers (Seattle-Tacoma-Bremerton) or “CPI.” (See Section 8 of the MOU in its entirety for a comprehensive description.)

9. What other safeguards does the City have?

There will be a signed non-relocation agreement requiring the NHL Team to play in the Arena for the 39-year initial term of the lease agreement between ArenaCo and the City. This will provide financial stability to the project and induce the Lenders to fund the project.

10. Is the NHL obligated to the City?

No, not directly, but the NHL will sign an industry standard consent letter approving the contractual documents between the Team and ArenaCo. It also allows the NHL to assume the Team’s obligations should ArenaCo is unable to satisfy them.

11. Is Slapshot, LLC or Seattle Hockey Partners insulated from a change in control or passing of the managing general partner?

David Bonderman will wholly own FW-Puck, parent to Slap-Shot LLC., which will own at least 55% of Slapshot and appoint the Managing Partner of Slapshot (initially Mr. Bonderman). The NHL has indicated that should the managing partner were to pass away prior to the closing under the Expansion Agreement, it would work with the estate in a commercially reasonable manner to attempt to find a person acceptable to the NHL. Conversations regarding succession planning will occur to ensure whichever entity ultimately becomes the managing partner of the team will legally be responsible to step into all agreements including requirements around non-relocation as part of the team lease.

12. How is OVG Seattle Holdings and Seattle Arena Holdings insulated in the event of a bankruptcy or insolvency of a related company?

OVG Seattle Holdings and Seattle Arena Holdings will be structured to be passive holding companies that have no liabilities or assets (other than in the case of OVG Seattle Holdings, 51% of the equity interests of Seattle Arena Holdings, and in the case of Seattle Arena Holdings, 100% of the equity interests of Seattle ArenaCo). More importantly, Seattle ArenaCo will be structured to be a special purpose, bankruptcy-remote entity and its organizational and governing documents will contain various restrictions to ensure it operates as a special purpose entity (based on standard criteria and guidelines required by the rating agencies). The intent is to

minimize the likelihood that it will become subject to bankruptcy proceedings of other entities and maximize the likelihood that its assets are ring-fenced from the creditors of other entities. The special purpose entity provisions will include, among others, that Seattle ArenaCo (a) maintain books and records separate from any other person or entity, (b) maintain its accounts separate from any other person or entity, (c) hold itself out as a separate entity, and (d) not commingle its assets with those of any other entity. Moreover, as a condition precedent to closing the Arena loan, borrower's counsel (Winston & Strawn) will deliver an opinion letter to the lenders stating that in its opinion, there would be no reasonable likelihood of substantive consolidation of the assets of Seattle ArenaCo with those of related entities in the event such related entities were to become a debtor in a US bankruptcy proceeding.

13. Describe the financial impact to ArenaCo if for some reason the NHL team can't play until the 2021/2022 season?

OVG continues to follow the direction of the NHL and at this time the League is committed to the 32nd franchise being awarded for the 2020 season. In the event the team is unable to play until 2021 (without any guarantees or acknowledgment by OVG that the NHL will in fact allow that) ArenaCo will program other-events, primarily music, in-lieu of NHL games during Fall 2020 and Winter/Spring 2021. As an equity investor in the Arena, Live Nation although not exclusive, will be a major factor in OVG's ability to direct non-NHL content to the building in the event the NHL team does not play. Other events ArenaCo would program include concerts, sporting events, corporate events, and family shows. OVG does not expect a negative cash flow impact to the Arena in the event NHL games are unable to be played during the 2020/2021 season given the above outlined ability to program more events of which ArenaCo receives all net revenues, unlike NHL game per the negotiated (standard and common sports practice) Team Lease.

14. Describe the controls in place that will mitigate operational risk to the project.

Across the Arena and prospective NHL franchise, \$1.3 billion+ will be privately invested, demonstrating the private partnership's commitment to the Arena and people of Seattle. With respect to mitigating operational risk, OVG has assembled an operations team, currently in place and located in Seattle, to manage the Arena, as well as a sales team to drive contractually obligated income sales across sponsorship and premium seating. In addition to NHL games.

Community / Community Benefits

The City Council emphasized in the passage of the MOU and that the Arena development project would “activate and contribute to the vibrancy of Seattle Center,” integrating with and enhancing both the campus and the surrounding neighborhoods “Community” includes neighborhood businesses and arts organizations, neighbors, and Seattle Center resident organizations and patrons. The MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
Permitted Uses (Sets boundaries on types of uses and events)	8(b)
Community Events (Up to 14-days rent-free use)	13(c)
Event Day Services; Safety and Security	13(d)
Community Fund (OVG establishment of a non-profit charitable foundation)	19
Community Benefits Agreement	20(b)
Funding for Art	20(e)
Affordable Housing In-Lieu Fee	20(f)
Affordability and Access	20(d)

Community / Community Benefits - FAQ

1. What community benefits will be realized from this project?

The city anticipates that the transaction documents (still not fully negotiated) will provide community benefits, such as:

- OVG will establish a charitable foundation to administer a \$20 million (minimum) community fund for organizations that serve the greater Seattle area and the communities surrounding Seattle Center in support of youth, arts, music, and culture; with half (\$10 million) committed to YouthCare, a non-profit organization serving homeless youth.
- The City will have the right to use the Arena 14 days per-year, rent free, for Bumbershoot and other community events.
- OVG has hired a full-time community liaison who will run day-to-day outreach operations, coordinating with local community organizations, during both development and operation of the Arena.
- Voluntary commitment to fund art program like the City's "1 percent for Art Program."

In addition, OVG has agreed to the terms of a Community Benefits Agreement, signed by eight community and resident organizations, which provide for new community benefits while restating some of the community benefit obligations already encompassed in the MOU.

Some of these are to be provided during construction of the arena, including:

- OVG's hiring of the community liaison;
- The City's designation of a Seattle Center staff person as Ombudsperson, to serve as a conduit between communities, OVG and City departments;
- OVG will pay \$75,000 per year for three years to provide organizational capacity to Uptown Alliance;
- The City and OVG will staff a monthly Community Coordination Committee;
- Meeting space will be provided for Uptown Alliance, Uptown Arts and Culture Coalition; and
- OVG, through its community liaison, will work with the community to jointly sponsor events to promote small businesses, arts and culture.

Other benefits are to be provided once the Arena is operational, including a continuation of the roles of the OVG Community Liaison and the Seattle Center Ombudsperson; a commitment by OVG to preserve the area around the Arena in a clean and safe condition; a continuation of the commitment to provide meeting space; and the establishment of an Arena Community Development Fund.

2. What is the primary role of the Giving Council and how was the number and composition of the members decided?

The Giving Council oversees the work of Arena Community Development Fund to determine grant awards based on the mission of the Charitable Foundation as defined in the MOU as youth, arts, etc. The number and composition of the nine-member Giving Council was determined through negotiations between the City, OVG, Seattle Center resident organizations, and community groups from the adjacent neighborhoods. Efforts were made to ensure all stakeholders would be represented on this Council and included members interested in providing resources for organizations that serve the greater Seattle area, as well as the communities surrounding Seattle Center. The composition of its membership was agreed on in the Community Benefits Summary, and includes two representatives from OVG, one from the NHL team, one from the Seattle Storm, two from community organizations from Belltown, South Lake Union, Queen Anne and Uptown (staggered terms); two from resident organizations (staggered terms); one at large representative to be agreed to by OVG and the City, and one non-voting member from Seattle Center.

3. Will ArenaCo make an affordable housing mitigation payment?

Consistent with the MOU, OVG will make a \$2.5 million payment. The structure of that payment is that OVG will provide the total \$2.5M in two installments. Whatever is required by code under MHA, which is anticipated to be significantly less than the \$2.5M, will be provided per the code requirement. OVG will then provide a voluntary contribution for the difference to total \$2.5M within its first two years of operations.

4. What is OVG doing to support the Seattle Center and the community's efforts to elevate awareness that all are open for business during construction?

- OVG and their construction management firm will manage and conduct construction communications public outreach in concert with the Seattle Center, the City of Seattle, and adjacent neighbors;
- OVG, as part of the CBA, has provided \$75,000/year for three years (\$225,000.00) for organizational capacity for the Uptown Alliance to support area businesses and organizations during construction;
- OVG has offered to contribute \$500,000 over two years to the Seattle Center's marketing plan during construction;
- OVG has hired a dedicated community liaison to work with Resident Organizations, the Seattle Center and community members during and beyond construction;
- OVG will use social media and other resources to cross-promote area businesses and resident organizations during (and after) construction;
- OVG will use construction resources, where appropriate, to support the Seattle Center's marketing efforts (i.e., construction fencing);
- OVG will incorporate way-finding signage during construction;

- During construction, the east fence line will be moved closer to the project site during several major events throughout the year, in coordination with Seattle Center; and
- Safe, clear, well-lit and direct passage from SIFF through the courtyard and the adjacent breezeways will be maintained throughout construction.

5. OVG has acknowledged the importance of providing opportunities for all income-levels at the Arena. What steps will OVG take to ensure this?

In the MOU (Section 23(i)), OVG committed to use commercially reasonable efforts to have seats at a range of price points that are equitably distributed throughout the Arena bowl, and to collaborate with its anchor tenants and community partners to identify regular opportunities to make reduced-priced tickets available in furtherance of promoting greater access. That commitment is reflected in the current draft of the Lease Agreement.

Labor / Workers

The “Labor” category includes two segments of workers: City Workers (qualified workers) and Other Workers (workers hired by construction contractors or hired during operations). ArenaCo’s contractor will utilize the City’s social equity programs (priority hire, WMBE inclusion plans, and a community workforce agreement with construction trades). The MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
Contracting (Contracts for construction of the Arena - OVG)	14(h)
Engagement of Minorities and Women (OVG)	14(i)
Project Labor Agreement; City Priority Hire Program (City)	14(j)
Qualified Worker (City)	14(k)
Labor Harmony Agreement (OVG)	15

Labor / Workers - FAQ

1. The City expects the project will employ a workforce reflective of the region’s diversity. What efforts will the developer/contractor use to attract and employ Women and Minority Owned Businesses (WMBE) and create livable wage jobs and apprenticeships?

The development agreement requires that the developer/contractor develop a *General Contractor WMBE Inclusion Plan* detailing the project’s affirmative efforts to solicit and contract with WMBEs on subcontracting and supply opportunities. OVG will support the creation of livable wage jobs and apprenticeships under the development and lease agreements.

2. What are the overall requirements for Labor under this project?

ArenaCo will have four primary commitments:

- OVG is obligated to offer an equivalent job at the new Arena for City employees who provided services at KeyArena as of the MOU date. The Seattle Center has identified workers who are “Qualified Workers” and ArenaCo will make offers of employment to the workers according to a process included in the Development Agreement.
- Contractors on the project will be signatory to a community workforce agreement on substantially the same terms as the City of Seattle Community Workforce Agreement terms. OVG’s agreements with its contractors and subcontractors of every tier shall also include priority hiring terms consistent with the City of Seattle’s Priority Hire ordinance at SMC Chapter 20.37.
- A Labor Harmony Agreement with relevant labor organizations. OVG negotiated directly with those labor unions and completed an agreement, signed in May. The next step is for OVG to begin negotiating individual collective bargaining agreements with these unions for the operations phase, once the project is approved.
- ArenaCo will work with Finance and Administration Services department to implement an Inclusion Plan using the City of Seattle’s WMBE Construction Public Works Inclusion Plan.

3. How many City employees (permanent, part-time, intermittent, seasonal, on contract) working at KeyArena will be displaced, and what do they do?

There are 69 regular (full and part-time) and 561 intermittent KeyArena employees identified as “Qualified Workers”. The employees – almost all of whom are represented – include skilled crafts, booking and event service, maintenance, security administrative, and management personnel. The intermittent employees, on the other hand, provide stage, sound, video, and guest services.

Only those with KeyArena as a primary work assignment, a total of 31 regular City employees, are at risk of being displaced.

4. What will happen with these employees once the Arena closes?

Seattle Center and Seattle Department of Human Resources created the *KeyArena Staff Transition Plan and Referral Program* to find for the 31 displaced regular employees alternative City job opportunities. To date, all but four employees have secured new job assignments. Please note that intermittent staff will have limited opportunities for event work on Seattle Center campus during the Arena closure as has been anticipated.

Tenants / Users

Tenants impacted by the redevelopment project within the redevelopment boundaries include: Seattle Center lessees, KeyArena licensees, and public services provided by Seattle Center. The MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
Relocation of Tenant; Relocated Services (Blue Spruce, Pottery Northwest, Seattle Center Skate Park)	10(c)
Arena Design, Development, and Construction (South Parcel and Bressi Garage)	14(a)
Skate Park, Maintenance Facility	19(e)
Pottery Northwest	19(e)
Other Tenants (Displaced tenants)	19(e)
WNBA Team	20(d)
Seattle Storm Lease	20(h)

Tenants / Users – FAQ

1. Which tenants and users of the redevelopment site are impacted by the project?

Tenants and users within the Redevelopment Site include Pottery Northwest, the Seattle Center Skate Park, Blue Spruce tenants, the Seattle Storm, Seattle University, and the Seattle Center Campus Maintenance Facility.

2. What is happening to these tenants and users?

Pottery Northwest (PNW) – OVG has decided to mitigate the potential relocation of PNW by instituting innovative construction measures. This will allow PNW to stay in its current location in the Bressi Garage during construction. ArenaCo will assume the City's lease with PNW.

Seattle Center Skate Park – will be relocated. City and Council staff are working with the skateboarding community to evaluate sites for a new skate park on City-owned property. A site, the unused segment of the Broad Street right-of-way between Thomas Street across from MoPoP, has been selected by all parties as the most appropriate relocation site. SDOT and Seattle Center intend to seek the Council's approval of an transfer of jurisdiction that will keep the site in public ownership as ROW, but transfer management responsibilities to Seattle Center to facilitate its development and operation as a skatepark. The next steps will be to continue working with the skateboarding community to develop a design, timeline and budget for the new Skate Park, with a goal of opening it in the second half of 2020. Additional budget will be needed to fund the skatepark replacement and will be discussed as part of 2019 budget deliberations.

Blue Spruce Building – houses six tenants: Folklife, Skate Like a Girl, Teen Tix, and Book-It Theatre. These tenants are being relocated at Seattle Center. Arts Ed Washington and Seattle Interactive Media Museum are self-relocating.

Seattle Storm and Seattle University Men's Basketball The Storm will temporarily relocate with OVG assuming the City's facility use agreement lease or negotiate a new agreement with the team. (The Storm recently announced that it will be playing at the University of Washington's Alaska Airlines Arena in 2019.) Seattle University will also be relocated.

Seattle Center Campus Maintenance Facility – is being relocated to the Next 50 Pavilion which will be remodeled to serve as a maintenance facility. The building is located between the Monorail and the Artist at Play playground.

3. What associated tenant relocation costs will OVG cover?

OVG will pay the City \$1.5 million toward relocation of the Seattle Center Skate Park and Campus Maintenance Facility and other public amenities affected by the project.

- OVG will pay for relocation costs, if any, associated with Pottery Northwest's remaining in the Bressi Garage during construction.
- OVG will pay the City \$500,000 for other tenant relocations (the first installment of this was paid at the time the MOU was signed).

4. What is happening with Seattle Center tenants that are outside of the redevelopment site boundaries?

Tenants outside the redevelopment site boundaries, which includes KEXP, the Vera Project, Seattle International Film Festival (SIFF), Seattle Children's Theatre and others at Seattle Center, may be impacted by the project. Concerns with the project were identified as part of the SEPA process and a range of strategies to mitigate have been included in the Construction Impacts Mitigation Plan, which is an Exhibit to the Development Agreement. This includes a range of construction-related strategies, as well as a marketing funding he draft Environmental Impact Statement (EIS) process with mitigation requirements recommendations coming in the Final EIS.

5. How is OVG addressing Seattle Children's Theater (SCT) concerns about use of 2nd Ave and Thomas Street, particularly as it concerns the safety of their young guests; financial impact of construction on the budget and continued operation of Seattle Children's Theater; and concern that families will not feel welcomed at the Center during construction?

- Through construction decisions, OVG will not have to close 2nd and Thomas (as originally anticipated in the DEIS);
- OVG (through their General Contractor) will staff 2nd Ave and Thomas with "conciierge"/flaggers to assist SCT patrons and other Seattle Center guests in crossing streets safely;
- OVG has established standing weekly meetings with SCT to review construction status and address concerns;
- OVG will accommodate peak event ingress/egress with SCT (and other resident organizations);
- Regarding impact on access and financial health, OVG has committed \$500,000 over two years to the Seattle Center specifically for a robust marketing plan designed to promote the Center and its Resident Organizations during construction.

Transportation / Mobility

Transportation / Mobility impacts are evaluated under SEPA, establishing the way in which impacts are evaluated under EIS. As part of this project, the City and OVG are addressing issues pertaining to parking and traffic control, scheduling arena events, parking on arena event days, sponsorship integration, vehicular access to campus, and much more. The MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
SEPA	7
Annual Transportation Payment	8(f)
Mobility Action Plan Purpose and Goals	16(a)
City Transportation Fund	16(b)
Signage	17
Parking and Traffic Management	18(b)
Future Availability of Parking Garages	18(c)
Signage and Wayfinding	18(d)
SEPA Review	21(a)
Permitting	22(b)

Transportation / Mobility - FAQ

1. What is OVG's obligation mitigate transportation impacts?

OVG has paid for the EIS study, including \$250,000 for a transportation consultant separate from SEPA/EIS process for mobility planning efforts. OVG will also pay the proportional share contribution towards all required SEPA mitigation of transportation impacts. Additionally, OVG will contribute an additional \$40 million to the Transportation Fund, distributed at roughly \$1,025,000/year over 39 years.

2. OVG and the City will develop a North Downtown Mobility Action Plan (NODO MAP). What is this?

OVG has provided \$250,000 for a transportation consultant separate from SEPA/EIS process for the mobility planning effort. The NODO MAP builds on existing community planning efforts and prioritizes multimodal mobility solutions for north downtown neighborhoods (Uptown, South Lake Union, and Belltown) – projects that do not require a nexus with EIS impacts. NODO MAP plan will help guide the investment of the \$40M Transportation Fund. The Transportation Fund may be needed to help fund the balance of projects that are identified as Arena EIS mitigation, but that can't be fully funded by OVG (due to proportional impacts of the project). This would be particularly true of mitigation projects that also are a high priority for the community, as identified through a robust public outreach process for the NODO MAP effort. Input from the neighborhoods has been received through a variety of community engagement efforts including a community workshop, presentations to neighborhood groups, and monthly meetings with the Arena Advisory Group Transportation Mobility Committee. There will be a final public engagement effort in September to present the draft NODO MAP with a prioritized transportation improvement project list.

3. Will the monorail connection be improved under this project?

Though not directly part of the Arena project, funding for improvements to the Monorail connection are described as SEPA mitigation; Monorail improvements are also identified as priorities under the NODO MAP plan. The EIS analysis indicates that Monorail station improvements could help shift the mode split away from private vehicles, particularly between 2020-2035 before ST3 reaches Seattle Center.

Both the DEIS and the NODO MAP engagement received numerous public comments supporting investment in the Monorail as a first/last-mile connection linking the Arena to downtown parking and the regional transit hub at Westlake Station. ORCA integration and improved wayfinding were priorities. A recent study released by the City indicates that certain station improvements could allow the Monorail to transport as many as 6,000 patrons from Seattle Center to Westlake Station within one hour.

4. How will issues raised by community groups, such as parking overages in adjacent neighborhoods, prioritization of pedestrian access, coordinating parking, reducing transportation impacts be addressed for this project?

There are various mechanisms that will be used to mitigate transportation impacts. The Arena FEIS identifies transportation impacts and recommend mitigation measures to lessen those impacts. The SDCI MUP decision will then clarify the final transportation mitigation package and dictate the exact transportation improvements that will be required of the project to lessen the impacts – things like additional curb space at two intersections along 1st Ave N to mitigate the post-event pedestrian surge. One of the MUP conditions will be the development of an Arena Access Management Plan (AAMP).

The purpose of the AAMP is to outline strategies to provide safe, convenient, and efficient access for all people traveling to and from the Seattle Center Arena. The AAMP will include pre- and post-event traffic management and trip reduction strategies for both Arena employees and attendees – things like transit improvements that help make using transit more reliable and with a faster trip or improving access for people walking and biking to the Arena front door with an all ages and abilities bicycle facility connection. The AAMP will be a “living document,” meaning it will identify strategies that should be used to mitigate transportation impacts on opening day of the Arena, and that can (and should) be revised over time as issues evolve and new strategies may be needed.

The SDOT Street Improvement Permit (SIP) process is the permitting mechanism that will help ensure that transportation frontage improvements (sidewalks, curb bulbs, street trees, etc.) will be implemented.

As noted previously, the NODO MAP will have a prioritized transportation improvement project list, of which the projects have come directly from the community, existing plans, and programs to address improvements to the transportation network as a whole.

5. What mobility improvements will this project realize?

The project will provide transportation improvements that mitigate impacts (through the required permitting process and EIS mitigation, which will be documented in the Master Use Permit) and help with broader mobility improvements through the City transportation fund and NODO MAP process. The improvements will be multi-modal, covering traffic operations (pre- and post-event traffic management, and signal improvements, for example), transit speed and reliability improvements (focused on 1st Avenue North and Queen Anne Avenue North), pedestrian crossing improvements in close proximity to the Arena, completing bicycle connections, transportation demand management strategies, and public realm improvements.

6. Connectivity/Wayfinding: How will this project enhance connectivity and wayfinding between and among the adjacent communities and Seattle Center?

The City and OVG support efforts to ensure that there is wayfinding that enables residents and visitors to get to and from Seattle Center, as well as within Seattle Center. Design element of wayfinding are subject of the City and the Seattle Center design standards. The Seattle Center Integration Agreement contains provisions for making collaborative decisions about wayfinding, including campus signage and parking garage technologies.

Design / Construction

Designing, permitting and constructing a world-class arena in a landmarked, building located in an active public campus requires multiple public review processes. These processes include the publication of an Environmental Impact Statement under SEPA, obtaining a Certificate of Approval from the Landmarks Preservation Board, successful completion of the Seattle Design Commission review process, and creation of construction management plans that address transportation and noise impacts. The MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
Project Description	3
Construction and Completion Obligation	8(m)
Ownership of Arena Tenant Improvements, Surrender	8(q)
Alteration and Improvements	8(u)
Design and Construction, Schedule	10(a)
Construction Requirements	10(d)
Capital Improvements	12
Arena Design, Development, and Construction	14

Design / Construction - FAQ

1. How will this project “integrate” Seattle Center activities?

The project design will address the concerns regarding the Arena’s integration with Seattle Center and the surrounding neighborhood in the Seattle Center integration agreement. The design must be consistent with the Seattle Center Century 21 Master Plan and the Uptown Urban Design Framework Guiding Principle (to accommodate vehicular access to the upper NW Rooms plaza via First Avenue and the lower NW Rooms plaza via the vacated Second Avenue; provide an enhanced active and passive pedestrian experience in the NW Courtyard, and a 360-degree pedestrian access around the circumference of the Arena; and to the maximum extent feasible, the exterior pedestrian walkways, landscaping and hardscaping and other exterior amenities should remain available for public use and enjoyment, festivals, and other uses consistent with Seattle Center’s purpose and Master Plan.

2. The Development Agreement will govern the design and construction, including the schedule. To what standards will this Arena be constructed?

The Arena will be designed and constructed in accordance with the approved final design, the design standards, the permits and approvals, and all applicable laws. Moreover, the Arena will meet NHL and NBA league standards.

3. What has OVG agreed to regarding construction completion guarantees with the City?

The MOU anticipates that OVG will obtain a guarantee of completion from the construction management company. Additionally, OVG must provide evidence of sufficient capital to fund the construction of the arena development through loan commitments and equity. Please see Financial Due Diligence FAQ for more information.

4. When will the Arena construction commence?

If all goes as planned, the City will “hand over the keys” to OVG on October 15, 2018. Construction work on the Arena itself would not begin until December 2018 at the earliest, after financial conditions precedent to demolition of the Arena have been met.

5. When will the renovated Arena open for business?

If the entire process moves ahead on schedule, the rebuilt Arena would open in October 2020.

6. What are some highlights of the renovated Arena highlights?

General:

- 750,000 square feet.
- Historic roofline preserved.
- Meet LEED Certified or equivalent standards.
- Meet NBA and NHL standards.
- Accommodate 17,363 for hockey; 18,627 for basketball, and up to 18,827 for concerts.

Suites: 18 event-level ice suites and 40 sideline suites above the main concourse.

Metro Boxes: 17 metro boxes on the private suite level.

Restrooms: Meet International Building Code standards

- Men's water closets 1:250; urinals 1:90
- Women's water closets 1:60
- Men's and women's lavatories 1:150
- All-gender, family toilet rooms for use by families with small children and restrooms for disabled persons requiring assistance will be provided in locations convenient to the disabled seating areas.

Regulatory Process

The Arena development project is subject to review and potential mitigation under various laws, including the Land Use Code, State Environmental Protection Act (SEPA), the landmark ordinance, street use code, and noise ordinance (i.e., “regulatory process”). Before the Council votes on the transaction documents, the City must complete an Environmental Impact Statement (EIS). The MOU is located [HERE](#).

MOU Title (Brief Description)	MOU Section
Permitting and Approval Process	6
Seattle Landmarks Process	6(c)
SEPA	7
Environmental	11(b)
Sustainability	14(d)
Signage	17
City Conditions Precedent (SEPA review, Permitting)	21

Regulatory Process - FAQ

1. What is the State Environmental Policy Act (SEPA) process timeline for this project?

- September 2017: Environmental Impact Statement (EIS) Scoping
- December 2017: MOU
- April 23, 2018: Draft EIS Published
- May 14, 2018: Draft EIS Public Hearing
- June 7, 2018: Public Comment Period Closes
- August 30, 2018: Final EIS (FEIS) Published
- Sept 13, 2018: Deadline for Filing EIS Appeal

2. What is an EIS?

An EIS is an environmental impact statement prepared under the SEPA (RCW 43.21C). The purpose of EIS is to evaluate probable adverse environmental impacts based on a proposal, receive and respond to public comment, and recommend potential mitigation measures. The 11 elements of the environment evaluated as part of the EIS process include:

- | | |
|------------------------|---|
| 1. Land Use | 7. Visual Resources |
| 2. Transportation* | 8. Air Quality and Greenhouse Gas Emissions |
| 3. Earth | 9. Public Services and Utilities |
| 4. Plants | 10. Historic and Cultural Resources |
| 5. Recreation | 11. Cumulative impacts |
| 6. Noise and Vibration | |

*A variety of travel modes are considered: auto, transit, bicycles, pedestrians, freight, as well as parking, curb space management and safety. *(Refer to the June 6, 2018 Select Committee on Civic Arena presentation for a more comprehensive discussion on transportation impact key findings and potential mitigation.)*

3. What is a Master Use Permit (MUP)?

A MUP is a decision by the Seattle Department of Construction and Inspection (SDCI) to approve the proposed project (a regulatory approval), including requested variances (from SDCI). The MUP decision is expected to be published sometime in September 2018 (earliest date is September 10). However, the public may request extensions of public comment time, which may delay MUP approval until early October.

4. What buildings have been nominated for landmark status?

The KeyArena building (Coliseum), the Bressi Garage, the NASA building, and the Blue Spruce building have been nominated for landmark status last year. Recently, the City Council reviewed and adopted a Controls & Incentives agreement for landmarking the KeyArena building and the Bressi Garage only. The NASA building and the Blue Spruce building will be demolished with the other buildings south of the site.

5. Before the City Council considers approval of the transaction documents the City must complete the EIS process analyzing the impacts of the proposed project and identified alternatives, including identification of possible mitigating actions. Who pays?

OVG will provide all necessary EIS mitigation, separate from the Transportation Fund. OVG has funded the preparation of the EIS and will reimburse the City for the reasonable costs incurred as part of the SEPA review. OVG will also pay for the design and construct tenant improvements to the Arena that will preserve the current and historic roofline and meet a LEED Gold rating, or achieve equivalent standards.

6. What permits and approvals will be required?

- Master Use Permit (MUP) including variances and Construction permits
- Lot Boundary Adjustments
- Noise Variance
- Issuance of the Environmental Impact Statement
- Street Improvement Permit, Tunnel (Term Permit)
- Amendments to Sign Code
- Utility Extension Agreements
- Water Service Availability Certification
- Sewer Service Availability Certification
- Certificate(s) of Approval from Landmarks Preservation Board
- Controls and Incentives Agreement

7. What are some examples of how OVG will be addressing stormwater and air quality concerns?

Environmental – Stormwater:

- The Construction Manager will adhere to the Best Management Practices (BMPs) included in the Stormwater Pollution Prevention Plan (SWPPP) that will be required as part of the Construction Stormwater General Permit to be obtained from the Washington State Department of Ecology.
- The project will comply with the City's stormwater regulations. Per City regulations, the project must comply with both stormwater flow control and onsite stormwater management

(OSSM) best management practices (BMPs). The project anticipates on implementing OSSM using the following techniques:

- The design illustrates significant areas of green roof (planting on structure). The overall reduction of pervious surfaces and final SF quantities of planting on structure shall be confirmed as details progress.
- The design intends to utilize soil cells below concrete pavements to provide water for tree planting root zones on-structure and on-grade, and reduce storm water volumes.
- The design intends to explore selective use of **permeable pavements** on-grade to provide water for tree root zones, and reduce storm water volumes. Site program (such as food events and festivals) will limit the use of permeable pavement systems.
- The design illustrates **approximately 100 new trees on site**. Quantity shall be confirmed as details progress.
- All collected stormwater from the site will be conveyed to the proposed OSSM BMPs and the detention facilities onsite. The metered flows released from the detention facilities and the OSSM BMPs will comply with the City's Peak Rate Flow Control discharge rates prior to final discharge to the public combined sewer.

Environmental – Air Quality

- The design of the vents has changed since the DEIS and exhaust from the vents will not impact KEXP's operations. The equipment tied to these shafts will not be proximate to KEXP.
- Design, sustainability goals, LEED incentives and reduction of greenhouse gas emissions are all being pursued. Developer is working with City, SDCI at creating an efficient building that reduces impacts.
- Venue will achieve LEED Certification.
- All hazardous materials in the buildings to be demolished or renovated have been identified and will be safely abated prior to demolition in accordance with SDCI regulations.
- Efficient Electric Elements will be incorporated to reduce carbon emissions.

Environmental – Plants

- Approximately 100 new trees shall be planted on site.
- No trees are intended to be removed on 1st Ave.
- Specimen trees shall be planted in the same location as the 2 Legacy trees that require removal for foundation wall construction.
- Tree replacement ratios for the entire project limit (Arena Site and South Parcel) are approximately 2:1 replacement ratio. Design team assumes coordination with Seattle Center for replacement trees within the North Courtyard (outside the lease limits).

8. Does an appeal to the FEIS impact the Council’s ability to approve the transaction documents?

The FEIS was issued on August 30, 2018. Appeals to the City’s Hearing Examiner must be filed before September 14, 2018. If an appeal is filed, it restricts when permits are issued. Furthermore, it could limit the Council’s ability to make some, but not all decisions related to the project, while the appeal is ongoing. However, the Council can approve transaction documents and grant preliminary approval of a tunnel permit, but cannot grant final approval of the tunnel permit or approve the sign code amendments until the Hearing Examiner appeal(s) is resolved. See the following table for a more comprehensive discussion.

Item	Can Council take action if appeal is filed?	Discussion	Earliest Action Date; Scheduled Action Date
Publication of MUP	N/A – Not a Council Role	Seattle Dept. of Construction & Improvements (SDCI) is the lead agency.	SDCI: Seven days after issuance of an FEIS, Sept 6 if FEIS issued on August 30. See FAQ # 3 above.
Issuance of Certificate of Approval of Landmarks	N/A - Not a Council Role	Landmarks Board is lead.	Landmarks Board: After EIS appeal is resolved.
Street Improvement Permit (SIP)	N/A - Not a Council Role	Not a Council role; Seattle Dept. of Transportation (SDOT) is lead.	SDOT: After EIS appeal is resolved.
Controls & Incentives Agreement	Yes	Key Arena and Bressi Garage were designated, and the controls and incentives agreement was adopted by Council.	Done
Conceptual Approval of Term (Tunnel) Permit	Yes	SDOT is lead.	Any time
Approval of Land Use Code (Sign) Amendments	No	SDCI is lead.	After EIS appeal is resolved
Transaction Documents: Lease, Development, Integration Agreements	Yes	Hearings Examiner or Superior Court.	Committee Vote scheduled for September 14; Full Council Vote scheduled for September 17
Relocation of Electrical Stuff - Permits	N/A - Not a Council Role	Seattle City Light (SCL) is lead.	SCL: Any time
Lot Boundary Adjustment	N/A - Not a Council Role	SDCI is lead (administrative decision is appealable to court).	SDCI: Any time
Final Approval of Tunnel Permit	No	Council Action; SDOT is lead agency.	After EIS appeal is resolved

Appendix

Document Inventory and Status

Document Name	Description	Status
Development Agreement (1 of 3 agreements known as the transaction docs)	Regarding the design and construction of the Arena project.	Negotiations in process; Mayor scheduled to deliver to Council on 8/29/18. Council scheduled to discuss and/or “take action” on Sept 7, 14 and 17.
Lease Agreement (1 of 3 agreements known as the transaction docs)	Regarding OVG’s long-term use of the property.	Same as above.
Seattle Center Integration Agreement (1 of 3 agreements known as the transaction docs)	Regarding the coordination of Arena operations with Seattle Center, and OVG’s sponsorship rights on the Seattle Center Campus.	Same as above.
KPMG Phase 1 and Phase 2 Reports	Reports which determine the baseline tax and other revenues received by the city from operating the arena to establish the base rent and base tax guaranty.	Done (November 28, 2017 and May 18, 2018).
Community Workforce Agreement	Agreement between OVG contractor and the labor unions that will govern the construction of the project.	In process, FAS lead.
Community Benefits Agreement	Regarding the partnership between the City and OVG to support resident organizations, etc.	Done and signed.
Labor Harmony Agreement	Agreement between certain unions and OVG establishing conditions favorable for employees within the leased premises.	Done and signed.
WMBE Inclusion Plan	City’s Purchasing and Contracting Services plan requirements of contractor and subcontractors.	In process
Qualified Worker Retention Plan	A plan that is included in the Development Agreement to prioritize re-hiring current workers at the Arena.	Plan is done.
NODOMAP (North Downtown Mobility Action Plan)	AKA Transportation Plan. An action plan to determine use of the \$40M identified in MOU for city transportation improvements over and above what will be mitigated from the EIS.	Have reviewed project priorities from existing city plans and done considerable public engagement. Draft project priorities will be completed in September
Arena Access Management Plan	Outline of strategies to provide safe, convenient, and efficient access for all modes of travel to and from the Arena.	A draft document was submitted for staff review by the consultant team in early August. Will be completed by August 30.

End