

SUMMARY and FISCAL NOTE*

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** 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

Legislation Title: AN ORDINANCE relating to the Seattle Center Department; authorizing the Seattle Center Director to execute an amendment to the facility use agreement with Force 10 Hoops, LLC, authorized by Ordinance 125323 for use and occupancy of KeyArena for playing of professional women’s basketball games; making findings of fact about the value provided by professional women’s basketball in Seattle; amending the relocation payment structure in the agreement; and exempting the amendment from the requirements of Chapter 20.47 of the Seattle Municipal Code.

Summary and background of the Legislation:

This legislation authorizes an amendment to the 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 covers the 2018 through 2028 WNBA seasons. The amendment modifies the relocation obligations of F10H and the City due to the current redevelopment of KeyArena.

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.

A celebratory parade through the streets of Seattle provided an opportunity for Seattle to acknowledge the Storm’s 2018 WNBA championship, contributing to civic pride and fostering community spirit. The win also made the Storm a three-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.

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.

In 2017, Ordinance 125323 authorized execution of a new ten-year facility use agreement for the playing of Storm home games at KeyArena for the 2018 – 2028 seasons and terminated the 2009 agreement. The 2018 agreement anticipated the potential redevelopment of KeyArena, acknowledged the benefit of any such redevelopment to F10H and outlined the responsibilities and obligations of the City and the Storm to locate an alternative location(s) to play their games during any closure of KeyArena and payment of lost revenues and additional costs due to any relocation.

Recognizing the value and importance of a WNBA team to the region, and the demonstrable expression they provide of Seattle's commitment to both diversity and gender equity, the series of agreements the City executed in 2018 with Seattle Arena Company, LLC regarding design, development construction and operation of a new redeveloped Arena at Seattle Center included a requirement that Seattle Arena Company would assume the City's rights and obligations pursuant to the Facility Use Agreement with F10H.

The agreements with Seattle Arena Company also obligate the City to pay the Storm's relocation costs for the 2019 and 2020 basketball seasons and Seattle Arena Company to offer the Storm dates in the new Arena for the 2021 basketball season.

When the agreement with the Storm was completed, there was much uncertainty about 1) whether KeyArena would be redeveloped, 2) when it would occur and 3) where the Storm would be able to play games during any redevelopment project. The City would prefer to have the Storm play their games in Seattle if space is available and it is economically feasible.

Due to the cooperative efforts of a number of organizations, the Storm's 2019 regular season games will be played at Angel of the Winds Arena in Everett (5 games) and Alaska Airlines Arena in Seattle (12 games). No location has been secured for potential playoff games yet. Operating costs for use of both facilities have also been determined and unfortunately it is more costly for the Storm to play their games in Seattle and there is less date availability.

The location of the 2020 season games has yet to be determined.

To incentivize the Storm to play their games in Seattle in spite of the increased costs, the proposed amendment restructures the payment formulas to eliminate the difference between the Storm's recovery of lost revenues and additional costs, combining and treating both additional costs and lost revenues the same while maintaining the aggregate cap on costs for the City.

No changes have been made to the relocation payments for the 2021 or later season or playoff games.

The following table provides details on the revisions to the payments:

	Original Agreement	Original Agreement	First Amendment
Time Relocated	Additional Cost Payment	Lost Revenue Payment	Additional Cost and Lost Revenue
2019 and 2020 season	Capped at \$600,000 per season: 100% of costs up to \$500,000; 80% of costs above \$500,000.	Capped at \$2,000,000 per season: 100% of lost revenue up to \$850,000; 65% of lost advertising revenue and 50% of non-advertising revenue above \$850,000.	Capped at \$2,600,000 per season: 100% of costs and lost revenue up to \$1,350,000; 75% of costs and lost revenue above \$1,350,000.
2019 and 2020 season Playoffs	Total of \$50,000/game for rounds 1 and 2, \$60,000/game for rounds 3 and 4, with no distinction for costs and revenue		\$50,000/game rounds 1 and 2, \$60,000/game rounds 3 and 4 plus, 100% of additional costs and revenue up to \$130k for rounds 1 and 2 and up to \$140k for rounds 3 and 4, plus 75% of additional costs and revenue above those amounts up to a total \$260k/game with the additional costs and revenue being paid only to the extent available funds remain within the \$2.6M season cap.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes X No

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.

Is there financial cost or other impacts of *not* implementing the legislation?
 The impact of not implementing the legislation is an increased possibility that the Storm will play their 2020 season and playoff games outside Seattle.

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, including 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 not otherwise be able to attend a game, and which the Storm will continue to provide, will most likely not accrue to Seattle's citizens if the games are not in Seattle.
- 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.

List attachments/exhibits below: NA