



Legislation Text

File #: CB 119345, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE related to KeyArena; authorizing the renovation of KeyArena into a world-class, multi-purpose sports and entertainment arena at Seattle Center, including its design, construction, lease, financing, and future operation; authorizing the Mayor to execute agreements with Seattle Arena Company, LLC, for the renovation and lease of the Arena, including a lease agreement, a development agreement, an integration agreement, and other related agreements; exempting the renovation and future operation of the Arena from the requirements of Chapter 20.47 of the Seattle Municipal Code; authorizing the Seattle Center Director to execute future joint purchasing agreements with Seattle Arena Company, LLC, notwithstanding Seattle Municipal Code Chapter 20.60; and ratifying and confirming certain prior acts.

WHEREAS, on January 11, 2017, the City’s Office of Economic Development released a Request for Proposals (“RFP”) for the renovation of KeyArena at Seattle Center; and

WHEREAS, the City’s RFP included seven objectives related to the project, summarized as follows: (1) renovate Key Arena into a world-class sports and entertainment facility, (2) integrate with Uptown’s Urban Design Framework, (3) include minimal City financial participation in capital development, (4) include minimal City financial participation in ongoing operations, (5) address transportation impacts, (6) treat neighbors and impacted workers equitably, and (7) contribute to Seattle Center’s vibrancy; and

WHEREAS, on February 23, 2017, the City formed an advisory body known as the Arena Community Advisory Panel (“Advisory Panel”) to provide counsel to the City to consider proposals responding to the RFP, comprised of ten members chosen based on their various areas of expertise, including, but not limited to, music, sports, transportation, neighborhood interests, and design; and

WHEREAS, on April 12, 2017, Oak View Group, LLC (“OVG”) submitted to the City a proposal in response to the RFP entitled “Proposal for the Transformation of the Arena at Seattle Center”; and

WHEREAS, between April 12, 2017, and June 2, 2017, each of the following parties carefully evaluated the various proposals in response to the RFP: (1) the Advisory Panel, (2) a City Executive Review Team comprised of the Director of the Office of Economic Development, the Director of Seattle Center, and the Director of the City Budget Office, and (3) a City Staff Review Team comprised of City staff members in the areas of design/constructability, finance, operations, social equity, and transportation; and

WHEREAS, on June 2, 2017, the Advisory Panel submitted its “Final Summary Report and Observations” to the Mayor and the Executive Review Team regarding the RFP proposals; and

WHEREAS, on June 7, 2017, based upon the input of the Advisory Panel, the Executive Review Team, and the City Staff Review Team, the City selected the OVG Response as the preferred proposal for the renovation of the Arena; and

WHEREAS, on July 20, 2017, the City formed a new advisory body known as the Arena Community Advisory Group to provide counsel to the City throughout the development of a memorandum of understanding (“MOU”) and subsequent community benefit terms; and

WHEREAS, on August 14, 2017, the City Council adopted Resolution 31764, which set forth the City Council’s expectations for the negotiation of, and approval process for, the MOU; and

WHEREAS, Ordinance 125480, passed by the City Council on December 4, 2017, and signed by the Mayor on December 6, 2017, authorized the Mayor to execute an MOU with Oak View Group, LLC, and adopted the Arena Community Advisory Group’s guiding principles as a basis for developing transaction documents required to renovate and operate the Arena; and

WHEREAS, following the City Council’s approval of the MOU, OVG and its equity partners and investors formed Seattle Arena Company, LLC (“ArenaCo”) as the entity that will redevelop, lease, and operate the Arena; and

WHEREAS, beginning in December 2017 and continuing through the first half of 2018, the City and ArenaCo

have worked together and with external stakeholders to develop those transaction documents, including a lease, development agreement, Seattle Center integration agreement, and related documents, including community benefit terms; and

WHEREAS, pursuant to the MOU, City staff worked closely with community representatives from Uptown, Belltown, Queen Anne, South Lake Union, Uptown Arts and Culture Coalition, and the Seattle Center Foundation in understanding benefit interests relating to the construction and lease of the new Arena at Seattle Center; and

WHEREAS, on May 7, 2018, community and resident stakeholders endorsed community benefit terms, subject to the final language in the applicable provisions of the development agreement, lease, and integration agreement; and

WHEREAS, the community benefit terms are incorporated into the development agreement, lease, and integration agreement; and

WHEREAS, on August 30, 2018, the City issued a Final Environmental Impact Statement (“FEIS”) to inform City decisions regarding potential environmental impacts and mitigation measures related to the KeyArena renovation project; and

WHEREAS, the City Council has considered the FEIS in the course of reviewing the transaction documents authorized by this ordinance; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Mayor of Seattle (“Mayor”) is authorized to execute for and on behalf of The City of Seattle (“City”) a lease agreement with Seattle Arena Company, LLC (“ArenaCo”), substantially in the form of the Lease Agreement (Arena at Seattle Center) attached to this ordinance as Attachment 1 (“Lease Agreement”).

Section 2. The Mayor is authorized to execute for and on behalf of the City a development agreement with ArenaCo substantially in the form of the Development Agreement (Arena at Seattle Center) attached to

this ordinance as Attachment 2 (“Development Agreement”).

Section 3. The Mayor is authorized to execute for and on behalf of the City an integration agreement with ArenaCo substantially in the form of the Seattle Center Integration Agreement (Arena at Seattle Center) attached to this ordinance as Attachment 3 (“Integration Agreement”).

Section 4. The Mayor, or the Mayor’s designee, is authorized to execute for and on behalf of the City all additional agreements necessary to complete the transactions authorized by this ordinance, including lease assignments, a team non-relocation agreement, documentation of security interests, a non-disturbance agreement, and other agreements and documents contemplated or required under the terms of the Lease Agreement, Development Agreement, and Integration Agreement (collectively, the “Ancillary Agreements”). The Mayor or the Mayor’s designee is further authorized to make such deletions, alterations, or modifications to the Ancillary Agreements as the Mayor or the Mayor’s designee determines are appropriate and in the best interest of the City.

Section 5. For the reasons described in Ordinance 125480, the City Council finds that redevelopment and operation of an arena at Seattle Center by ArenaCo under the terms and conditions set forth in the lease agreement and development agreement will provide sufficient and fair value to the City, and further finds that the requirements of Chapter 20.47 of the Seattle Municipal Code should not apply.

A. Section 2.A of Ordinance 125480 lists some of the benefits and other types of consideration that the City would receive under the terms described in the MOU. Those benefits and other types of consideration are now included in the terms of the lease agreement and development agreement that are authorized by this ordinance.

B. The City Council finds that the benefits described in Section 5.A of this ordinance provide sufficient and fair value to the City. The City Council further finds that the redevelopment and operation of an arena at Seattle Center by ArenaCo under the terms and conditions set forth in the lease agreement and development agreement is consistent with the principles underlying Chapter 20.47.

C. The City Council hereby exempts the redevelopment and operation of an arena at Seattle Center by ArenaCo, under the terms and conditions set forth in the lease agreement and development agreement, from the requirements of Chapter 20.47 of the Seattle Municipal Code.

Section 6. The Seattle Center Director is authorized to enter into joint purchasing agreements with ArenaCo subject to the following conditions: (i) the goods or services must be identified in the Integration Agreement for possible joint purchase; (ii) the purchase must be consistent with the terms of the Integration Agreement; (iii) the purchase must not be in excess of budget appropriations; (iv) the cost of any jointly purchased goods or services must be shared between the City and ArenaCo in a manner that does not result in an unlawful gift or subsidy; and (v) the terms of any joint purchase agreement which results in a cost to the City in excess of the then-current competitive solicitation threshold established under Seattle Municipal Code 20.60.101, as amended from time to time, must be in a form reviewed by the Seattle City Attorney's Office. Purchases made under the authority of this ordinance shall not be subject to the requirements of Seattle Municipal Code Chapter 20.60.

Section 7. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 8. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2018, and signed by me in open session in authentication of its passage this _____ day of _____, 2018.

President _____ of the City Council

Approved by me this _____ day of _____, 2018.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2018.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

- Attachment 1 - Lease Agreement (Arena at Seattle Center) by and between The City of Seattle and Seattle Arena Company, LLC
- Attachment 2 - Development Agreement (Arena at Seattle Center) by and between The City of Seattle and Seattle Arena Company, LLC
- Attachment 3 - Seattle Center Integration Agreement (Arena at Seattle Center) by and between The City of Seattle and Seattle Arena Company, LLC