

SUMMARY and FISCAL NOTE

| Department: | Dept. Contact: | CBO Contact: |
|--------------------|-----------------------|---------------------|
| Seattle Center | David Kunselman | Alan Lee |

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the redevelopment and operation of Seattle Public Schools Memorial Stadium at Seattle Center; authorizing the Mayor to execute an interlocal agreement with Seattle School District No.1 (SPS) for the joint redevelopment of Memorial Stadium and associated improvements benefitting the Seattle Center campus; authorizing the Mayor to execute a development agreement with Memorial Stadium Redevelopment LLC (MSR) providing for joint funding and design and construction of a new Memorial Stadium; authorizing the Seattle Center Director and City Budget Director to negotiate for the Mayor’s signature a five-year operating and maintenance agreement with MSR and SPS; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: This legislation authorizes the City to enter into an Interlocal Agreement (“ILA”) with Seattle Public Schools (SPS) and a Development Agreement (“DA”) with Memorial Stadium Redevelopment, LLC (MSR) (aka One Roof Stadium Partnership) that together create a three-party joint project to fund and develop new Memorial Stadium.

These two agreements establish the respective roles and responsibilities of the parties. The ILA sets forth that SPS will own the new stadium and the City and SPS will retain ownership of their respective underlying properties, and that the City will be the contracting entity with MSR.

The City’s and SPS’s funding obligations are capped. The City’s funding amount is \$40 million from city capital funds. SPS’s funding amount is \$69.3 million (\$66.5 million from voter-approved BTA V funding and \$2.8 million from SPS’s capital budget). Additionally, the City has obtained a grant from Washington State Department of Commerce for \$3.95 million for the project. MSR is responsible for raising private funds for the balance of the cost (\$29 million).. The DA establishes the terms of an operating and maintenance (O&M) agreement to be negotiated between Seattle Center, MSR, and SPS, providing for MSR’s operation and maintenance of the new stadium for an initial term of five years. The agreement will be structured to apply certain revenue to the costs of operation and maintenance based upon an agreed-upon budget, and MSR will not receive a profit during that five-year period. During that period the three parties will explore options for an alternative governance structure to ensure long-term and sustainable operations and maintenance.

The DA prescribes the project scope (including minimum requirements and design standards set by the City and SPS), schedule, budget, funding, design review process, construction process, and legal terms to protect each party’s interests.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project?

☐ Yes ☒ No

The Memorial Stadium Redevelopment project was adopted and fully funded by Council in the 2025-2026 biennial budget and included in the 2025-2030 Capital Improvement Plan (CIP) (project number MC-SC-S9505). This legislation has no impact on the existing funding.

During the design and permitting process, an aged sewer main that runs under the north stands of Memorial Stadium was identified as needing to be replaced. As a result, the CIP will be amended to reflect this work. The project will start in 2025; Seattle Public Utilities (SPU) will provide funding for the sewer project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City?

☐ Yes ☒ No

The O&M agreement will be structured so that:

- MSR will operate and maintain the new Memorial Stadium (excluding the Perimeter Area) without a management fee for a term of five years.
- Certain revenue is applied to the costs of O&M based upon an agreed-upon budget.
- No unreimbursed costs shall be incurred by the City with respect to maintenance of the Perimeter Area defined in the DA or other areas of the project that are not exclusively used and occupied by the City, unless the costs are authorized by City Council.
- Revenue from Perimeter Area programming sponsored and managed by City, including ticketing and other sources from programming in such areas, is retained by the City.
- During the initial five-year term the City and SPS will explore options for an alternative governance structure to ensure long-term and sustainable O&M.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

The new stadium project will create approximately 0.8 acre of new public open space outside the west and south perimeter fence lines which Seattle Center proposes to operate and maintain as part of its existing campus operations. (See Attachment 1: MS Perimeter Area Site Map). Seattle Center anticipates an incremental but modest increase in security, labor, and grounds maintenance cost, but the details are still being developed. The O&M Agreement requires reimbursement of City's cost of providing O&M services to the Perimeter Area.

The new stadium project will also allow Seattle Center to relocate and consolidate its O&M shops which are currently located in a leased commercial space off campus to the new facility. The relocation and consolidation will result in operational efficiencies and ongoing savings.

The cost of the sewer main replacement project is being determined. SPU will provide funding for the project in a not-to-exceed amount that will be determined based upon a scope of work that MSR's contractor will bid and is subject to SPU's approval.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

N/A

Please describe any financial costs or other impacts of *not* implementing the legislation.

This legislation authorizes a momentous agreement among the three parties after decades of unsuccessful efforts to achieve a viable proposal for the redevelopment of Memorial Stadium. The new stadium, as a modern venue rectifying the deficiencies of its current condition, will become a legacy for students, youth, and the community and transform the heart of Seattle Center.

The capital cost is being funded through City CIP investments, voter-approved SPS levy funds, and private philanthropic contributions raised by MSR, and a grant from Washington State Department of Commerce, all of which would require abandonment without passage of the legislation.

Please describe how this legislation may affect any City departments other than the originating department.

N/A

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?

A CLEAN hearing for this capital project occurred in the Select Budget Committee on November 13, 2024.

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

No

c. Does this legislation affect a piece of property?

Yes, please see Summary Attachment 2: Memorial Stadium Vicinity Map

Section 8.3 of the ILA describes anticipated future lease agreements and easements which are to be completed prior to Final Acceptance of the Project and that will require subsequent legislation. They relate to the following property conditions.

The Memorial Stadium site is on property deeded by the City to SPS in 1946 to construct, operate, and maintain an athletic stadium; however, the north stands are built on City property with an easement the City granted to SPS to allow for their construction and use. A portion of the new stadium will also be built on this City property and will require a similar easement. There are other existing access easements between SPS and the City.

The new stadium will provide spaces to consolidate Seattle Center shops currently leased off campus and will replace the existing warehouse space under the north stands.

SPS prepared a SEPA Checklist and issued a Mitigated Determination of Nonsignificance for the BTA V levy. These studied the environmental impacts of the demolition of Memorial Stadium and construction of a new stadium and noted that additional environmental review will be conducted in the future.

These existing environmental documents are incorporated by reference pursuant to Seattle Municipal Code 25.05.600 and Washington Administrative Code 197-11-600 for purposes of this Agreement.

The Seattle Department of Construction and Inspections (“SDCI”), acting in its regulatory capacity as permitting agency, will be the lead agency for the environmental review of the project under WAC 197-11-060(5) and as provided in the Development Agreement. Project-specific environmental review of the project has already begun and will be completed by SDCI during the permitting process.

The Final Project Design is contingent upon completing project-specific environmental review and shall not be considered final until environmental review is completed and any substantive mitigation conditions or permitting conditions imposed by SDCI as a result of environmental review are addressed and incorporated into the Final Project Design.

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

- i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

Mayor Harrell sent letters to invite the Muckleshoot, Snoqualmie, Suquamish, Stillaguamish and Tulalip tribes to the consultation process. These tribes were also invited to meetings with MSR, SPS and the City and meetings were held with all but the Muckleshoot Tribe to establish dialogue about their interests and seek their input. The City will maintain communication with the tribes at appropriate milestones throughout the project.

The SPS student population is 54% non-white representing 159 countries of origin and with 150 languages or dialects spoken at home. The three parties provided engagement opportunities to inform SPS high school students and seek their input to shape the design concept priorities. During the design process, MSR has identified spaces that could be programmed for use by students of visual and performing arts, student athletes, students in Career and Technical Education (CTE) pathways, and student affinity groups. This engagement is continuing regarding program opportunities.

SPS convened a Stadium Design Advisory Team (SDAT) to gather and incorporate input on the design of the Project which included BIPOC high school students; students representing athletics, visual and/or performing arts, skill center / CTE pathways, and other affinity groups; and SPS faculty, mentors or coaches to students representing those educational and career interests. For the construction phase of the project, MSR will facilitate opportunities for meaningful engagement and input from SPS high school students, and MSR or its contractors will provide opportunities for paid student internships.

MSR will utilize an FAS-approved Women and Minority Business Enterprise (“WMBE”) Inclusion Plan from the Prime Contractor and first-tier subcontractors detailing affirmative efforts to provide the maximum opportunities for inclusion of WMBEs in the Project Construction.

To date, MSR convened two public open houses in the Seattle Center Armory on April 17, 2024, and October 18, 2024. A third is expected prior to the start of construction. Early in the project, the Seattle Center Foundation convened three Community Conversations with a diverse group of over 70 community members representing 32 organizations.

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.

N/A

iii. What is the Language Access Plan for any communications to the public?

The Seattle Center website and the Memorial Stadium project microsite provide up to date information about the project offer text readers, a translation feature in 12 languages, and alt text image descriptions entered on all images, documents, and links.

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

Memorial Stadium is proposed to feature the following measures to reduce emissions.

The stadium will be all-electric. Its capacity is proposed to be for 8,000 visitors vs. the existing 12,000 thereby reducing emissions associated with large events. The stadium will be well-served by transit service with Metro bus, existing Link Light Rail service from the Westlake station via the Monorail connection, and future light rail stations in the vicinity.

MSR proposes to use the operating experience of the contractor and Climate Pledge Arena to reduce onsite waste during construction and operations, for instance reusing existing concrete within the project. MSR proposes to acquire emissions offsets to offset the estimated embodied carbon associated with construction.

MSR shall meet a LEED Silver rating which is standard on SPS property and use good faith efforts to meet a LEED Gold rating.

- ii. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

N/A

- f. **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)? What mechanisms will be used to measure progress towards meeting those goals?**

N/A

- g. **Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

No. This legislation is related to an existing capital project (project number MC-SC-S9505) partially funded by non-City partners. A CLEAN Hearing was held on this project on November 13, 2024.

5. ATTACHMENTS

Summary Attachments:

Summary Attachment 1 – Memorial Stadium Perimeter Area Site Map

Summary Attachment 2 – Memorial Stadium Vicinity Map