

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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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

- 1. Legislation Title:** AN ORDINANCE relating to the financing of Seattle Center’s operations; authorizing the loan of funds in the amount of \$5,000,000 from the Unrestricted Cumulative Reserve Fund to the Seattle Center Fund to support the operations of Seattle Center during the temporary closure of KeyArena; and providing for the repayment thereof.
- 2. Summary and background of the Legislation:** This legislation authorizes an interfund loan of up to \$5,000,000 from the Unrestricted Cumulative Reserve Fund to the Seattle Center Fund to support Seattle Center operations during the temporary closure of KeyArena while it is being redeveloped. In September 2017, the City signed a Memorandum of Understanding with the Oak View Group (OVG) to redevelop KeyArena. This project will leverage over \$600 million of private investment to redevelop a world class facility capable of hosting professional hockey and basketball franchises and major entertainment events. However, redeveloping the Arena will necessitate facility closure for two years beginning in the fall of 2018 to accommodate construction.

Historically, KeyArena generated a profit, which has been used to support programming and maintenance expenses across Seattle Center’s campus. While the building is closed, however, the facility will not generate any revenue, which will cause Seattle Center to go into a deficit cash position. The loss of operating revenue during the redevelopment period would harm operations and maintenance if not supplemented by outside financial support. Per the MOU with OVG, when the Arena reopens, OVG will pay the City annual rent payments agreed upon using a four-year trailing average of revenues attributable to Arena operations, parking, and sponsorships. The MOU also specifies that Seattle Center will receive a share of any increased revenue associated with sponsorships and parking receipts above the established historical averages. Seattle Center also anticipates positive associated impacts on other ancillary revenues across Center’s campus, including Armory concessions, Monorail ridership, facility rentals, and others.

Seattle Center will use the influx of new revenues once the Arena reopens to begin paying off the loan, and anticipates complete repayment by December 31, 2026.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project?** Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes X No
- b. 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.
- c. Is there financial cost or other impacts of *not* implementing the legislation?
Yes. The Seattle Center Fund would end in a negative cash position for greater than the allowed 90 days. Additionally, lack of financial support would materially impact Seattle Center's ability to maintain its assets and operate as usual while the Arena is under development.

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?
N/A.
- 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).
N/A.

List attachments/exhibits below:

Summary Attachment A - Interfund Loan Calculations