

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 contracting indebtedness; amending Ordinance 126219; and ratifying and confirming certain prior acts.

Summary and background of the Legislation: This legislation amends the 2021 multipurpose LTGO bond ordinance by adding \$8 million to provide financing for electronic signage and reader boards at the Seattle Center. [*Please see Project MC-SC-S9118 in the City’s Adopted Capital Improvement Program.*] The bonds for this project will be issued for a term of 10 years. The annual debt service is expected to be about \$900,000, of which \$225,000 would come from Seattle Center with ArenaCo paying the rest.

This project involves developing a comprehensive signage infrastructure throughout the Seattle Center campus consistent with the signage program approved for Climate Pledge Arena. The plan includes replacement or upgrading of existing signs and the addition of new signs, and includes the installation of digital and variable message signage, wayfinding kiosks, upgrading of the reader boards at key locations along the campus exterior along with accessory lighting fixtures. These installations are on city owned property, or in a few cases, on land for which the department has a joint use agreement with the landowner or tenant, and entirely outside the Arena leased footprint.

The overall project will include electrical distribution and conduit infrastructure to provide power and connectivity. In addition to providing event and directional information, the system will have the capability to provide sponsor recognition, resident organization acknowledgements and public safety messaging.

The signs to be upgraded include:

- Campus reader boards at 5th/Mercer and on Denny near Broad St.
- Facility reader boards for McCaw Hall, Seattle Rep and Cornish Playhouse on Mercer St.
- Wayfinding “totems” (upright directional signs)
- Information kiosks
- Parking garage signage
- Digital pole banner signs

The Transaction Agreement documents between the City and ArenaCo anticipated that a comprehensive new signage program would be needed to help integrate the redeveloped Arena and the Seattle Center campus. The agreements outline a shared vision which would provide a seamless and integrated signage experience for campus and Arena visitors alike. Terms of the

agreements include provisions requiring a shared usage as well as shared expenses and revenues for the signs on a proportional basis. For operational reasons, it makes the most sense for the City to own and operate those signs located on city owned or controlled property. Initially Seattle Center expected to be able to fund its share of the signs from CIP sources and incremental sponsorship revenues. Unfortunately addressing the financial impacts of COVID-19 on the Center's operating budget required redirecting those incremental revenues. Therefore, a new financing plan is needed.

While the signage proposal does provide for enhanced sponsorship opportunities, the primary function of this investment is to improve the overall visitor experience at Seattle Center. Currently, Seattle Center promotes its resident arts and culture organizations, events such as Festál programs and the Seattle King County Clinic, and sponsor recognition primarily through static signs and banners. The new digital signage will dramatically increase the capability to prominently display real time information and to assist our patrons in finding their way on the 74-acre campus. Over the past three plus years of community engagement related to the Arena project, enhanced signage and wayfinding has often topped the list of requests from Seattle Center's neighbors and resident organizations.

Seattle Center has identified incremental sponsorship revenue, over and above the amounts in its adopted budget to cover its share of debt service. Per the Transaction Documents, ArenaCo has the exclusive right to sell and maximize campus sponsorships. ArenaCo estimates that campus sponsorships will total \$4,000,000 annually. Further, ArenaCo has already obtained \$3,200,000 in sponsorship commitments related to the Seattle Center campus and fully anticipates achieving or exceeding the \$4,000,000 goal. Based on this gross revenue estimate, Seattle Center anticipates its share of sponsorship revenues to be close to \$1,500,000 annually. Of this amount, \$1,155,000/year (2022) is already committed towards the department's operating budget. This leaves between \$200,000 - \$300,000/year of additional sponsorship revenue available annually.

Assuming an \$8,000,000 loan with a 10-year term and interest rate of 1.5%, debt service is estimated to be about \$900,000/year. A one-time 2% cost of debt issuance is also assumed. As stated above, of the \$900,000 annual debt service, Seattle Center would only be responsible for paying 25% (\$225,000) while ArenaCo would be obligated to fund the remaining 75% (\$675,000). Given the projected Sponsorship revenues generated by this investment, Seattle Center should generate sufficient incremental revenue to cover this signage loan proposal.

The following table provides the revised details of the bond issuance with the inclusion of the Seattle Center signage project:

Description	Approximate Project Fund Deposit	Approx. Par Amount (1)	Max. Term	Approx. Rate	Debt Service		Debt Service Funding Source
					Estimated 2021	Estimated 2022	
Seattle Municipal Tower Elevator Rehab	8,500	8,755	10	1.2%	178	880	FAS Rates- Space
Fire station 31	11,283	11,621	20	1.7%	212	689	REET I
Human Capital Management System	7,500	7,725	8	0.9%	164	954	FAS
Computing Services Architecture	6,430	6,623	8	0.9%	140	820	IT Rates
Data and Telephone Infrastructure	11,503	11,848	8	0.9%	251	1,463	IT Rates
Criminal Justice Information System Projects	10,000	10,300	8	0.9%	218	1,271	General Fund
Alaskan Way Main Corridor (CPT-2.5%)	10,000	10,300	20	1.7%	188	609	CPT 2.5% (2)
Overlook Walk and East-West Connections Project (CPT-2.5%)	4,260	4,388	20	2.6%	38	261	CPT 2.5% (2)
West Seattle Bridge Immediate Response	97,200	100,116	20	1.7%	1,822	5,909	REET II
W. Marginal Way (WSB)	2,800	2,884	20	1.7%	53	169	REET II
Aquarium Expansion	9,000	9,270	20	2.6%	80	556	REET I
Pike Place Market	6,000	6,180	10	1.5%	31	647	BIRF
Various Transportation Projects	22,000	22,660	4	0.4%	514	5,469	Move Seattle Levy
Seattle Center Signage	8,000	8,240	10	1.5%	41	862	Seattle Center
Total 2019 Bonds	214,476	220,910			3,930	20,559	

(1) Includes 3% for costs of issuance and pricing adjustments.
 (2) Receipts from additional 2.5% commercial parking taxes.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No
 This legislation would \$8 million to provide financing for electronic signage and reader boards at the Seattle Center. [*Please see Project MC-SC-S9118 in the City's Adopted Capital Improvement Program.*]

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

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. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No
- d. Does this legislation affect a piece of property?
No

- e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

None

f. Climate Change Implications

- 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

No

- 2. 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.**

No

- 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: