



King County

Metropolitan King County Council Budget and Fiscal Management Committee

Staff Report

Agenda item No.: 4
Proposed No.: 2012-0202

Date: July 12, 2012
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SUBJECT

Proposed Ordinance 2012-0202 would authorize the King County Executive to execute agreements related to a sports and entertainment arena in the SoDo neighborhood in Seattle. The agreements include a memorandum of understanding (MOU) with the City of Seattle and a private entity proposing to develop the arena (ArenaCo), and an interlocal agreement (ILA) with the City.

Today's briefing will include presentations by the Arena Proposal Expert Review Panel, convened by the Chair of the Budget and Fiscal Management Committee.

BACKGROUND

On May 29th, the Budget and Fiscal Management Committee Chair announced the formation of a seven member Arena Proposal Expert Review Panel. The panel is comprised of volunteers with expertise in economics, public finance, land use and urban development, labor, and transportation.

The panel members are:

- **Justin Marlowe**, a professor at the University of Washington's Evans School who specializes in public financial management
- **Bill Beyers**, a professor at the University of Washington who specializes in economics and geography
- **Dick Conway**, a local economist
- **Steve Orser**, an urban developer for Wood Partners
- **Tracey Thompson**, Secretary Treasurer of Teamsters Local 117
- **Charlie Howard**, Transportation Planning Director for the Puget Sound Regional Council

- **Doug MacDonald**, former Washington Secretary of Transportation

Over the last six weeks, panel members have devoted significant time and effort to reviewing the arena proposal. Their efforts have included:

- Meeting with Chris Hansen, the Director of the County's Office of Performance, Strategy and Budget, and representatives for the Port, and the Manufacturing Industry Council
- Assessing the arena revenue model developed by City budget and finance staff
- Analyzing U.S. Bureau of Economic Analysis data to evaluate Seattle's market strength
- Considering the County's debt capacity and potential impacts to the County's bond ratings
- Meeting with staff from the Seattle Department of Transportation and Parametrix, the consulting firm that produced the Seattle Arena Multimodal Transportation Access and Parking study
- Touring the proposed arena site with staff from the City, County and Parametrix
- Analyzing Washington Department of Transportation traffic data

Brief Overview of Presentation

Each panel member has developed a briefing paper to speak to issues they have identified and conclusions they have drawn during the course of their review. Today's presentation is outlined below:

1. **Economic impact of proposed stadium (Dick Conway):** This segment of the presentation will consider the regional economic impacts, including tax impacts as well as public benefits from the arena. The presentation will also discuss the potential impact on urban growth and renewal.
2. **Public finance issues (Justin Marlowe):** Mr. Marlowe's presentation will consider whether the financial risks of the proposed arena project are appropriately shared between ArenaCo and the County; how the proposed transaction might affect the County's financial condition; and the need for public financing to support this project.
3. **Economic issues related to the proposed basketball arena (Bill Beyers):** Mr. Beyers' presentation will consider regional economic impacts, as well as microeconomic impacts, particularly changes in consumer spending as a result of the proposed arena. The presentation will also consider the importance of "new money" and substitution.

4. **Transportation issues (Doug MacDonald and Charlie Howard):** On behalf of Mr. Howard and Mr. MacDonald, Mr. MacDonald will discuss issues associated with local and regional transportation impacts, freight mobility in SODO, and air quality as they relate to the arena proposal.
5. **Real estate issues and impacts to the SODO neighborhood (Mark Melroy for Steve Orser):** Mr. Melroy will present information prepared by Steve Orser on real estate issues associated with the proposal and the impacts of the proposal on Seattle's SODO neighborhood.
6. **Port economic impact (Dick Conway):** Mr. Conway will discuss the Port of Seattle's role in the regional economy, focusing on the job impact from seaport marine cargo, the likely job impact of the proposed cargo expansion, and the competition for marine cargo and the probability that the objectives of the Century Agenda will be achieved.
7. **Labor perspective (Tracey Thompson):** Ms. Thompson will speak to general labor perspectives on the proposal. (Please note that the Teamsters are included in the labor peace agreement included in the MOU.)

Upcoming Hearings & Analysis

Analysis of this proposal is ongoing. This item will next be discussed at the next regularly scheduled meeting of the Budget & Fiscal Management Committee on July 17th. A special joint meeting of the City and County councils is scheduled for July 19th at 5:30 p.m. in the Bertha Knight Landes Room at City Hall.

ATTACHMENTS

1. Dick Conway, Proposed Basketball Arena: Economic Impact
2. Dick Conway, Proposed Basketball Arena: Market Analysis
3. Justin Marlowe, Financial Considerations for the Proposed SODO Arena
4. Bill Beyers, Observations regarding the economics of the proposed basketball arena
5. Charlie Howard & Doug MacDonald: SoDo Arena Proposal King County Council Expert Review Panel Transportation Issues
6. Steve Orser, Arena Proposal Land Use Issues
7. Dick Conway, Proposed Basketball Arena: Port of Seattle