

September 17, 2018  
Corrections

Amended

18768

S1

[ak/khm]

Sponsor: Dembowski

Proposed No.: 2018-0374

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2018-0374, VERSION**

2 **2**

3 On page 1, beginning on line 5, strike everything through page 9, line 172, and insert:

4 "STATEMENT OF FACTS:

5 1. Rapid population growth in King County will necessitate building  
6 affordable and market rate housing near improved public transportation  
7 options.

8 2. The King County council, by passing Motion 14687 in 2016,  
9 acknowledged receipt of the Transit Oriented Development Bond  
10 Allocation Plan, and the goal of financing up to eighty-seven million  
11 dollars of housing projects.

12 3. As authorized by the state Legislature through RCW 67.28.180,  
13 beginning in 2021, at least thirty-seven and one-half percent of the lodging  
14 taxes generated every year in King County must be used "for contracts,  
15 loans, or grants to nonprofit organizations or public housing authorities for  
16 affordable workforce housing within one-half mile of a transit station, as  
17 described under RCW 9.91.025 or for services for homeless youth."

18 4. Equally important are: the building of new gathering places, sites

19 where our diverse histories can be interpreted and shared and public  
20 cultural spaces; and the preservation of historic structures that create  
21 community identity, encourage strong social connections and further  
22 opportunity for entertainment, education and interactions. Civic  
23 institutions, such as history and art museums, public galleries, community  
24 cultural organizations, performing art centers and historic structures, play  
25 a central role in our economy and benefit local businesses, residents and  
26 tourists.

27 5. Arts, culture and heritage make this region an attractive place for new  
28 businesses that bring with them new jobs, as arts and heritage businesses  
29 add two billion dollars in business activity, eight hundred eighty-two  
30 million dollars in payroll and thirty-two thousand five hundred jobs to the  
31 central Puget Sound region.

32 6. As authorized by the state Legislature through RCW 67.28.180,  
33 beginning in 2021, at least thirty-seven and one-half percent of the lodging  
34 taxes generated every year in King County must be used to support "art  
35 museums, cultural museums, heritage museums, the arts and the  
36 performing arts."

37 7. The Washington State Major League Baseball Stadium Public  
38 Facilities District ("the PFD") operates the publicly owned Safeco Field  
39 ("the ballpark").

40 8. The ballpark is a gathering place providing an array of public benefits  
41 and employs over two thousand full and part time employees, in addition

42 to being a venue for the Seattle Mariners.

43 9. The Seattle Mariners draw nearly three million fans to the ballpark  
44 every year. Attendance at Seattle Mariners games between 2012 and 2017  
45 exceeded twelve million one hundred thousand, with many coming from  
46 out of state and supporting the local tourism industry. More than forty-  
47 five million people have attended baseball games since the ballpark  
48 opened.

49 10. As authorized by the state Legislature through RCW 67.28.180,  
50 beginning in 2021 at most twenty-five percent of the lodging taxes  
51 generated every year in King County may be used "for capital or operating  
52 programs that promote tourism and attract tourists to the county."

53 11. In 2015, the county council adopted Motion 14406, and the county  
54 effectuated through Ordinances 18179, 18180 and 18181, to establish the  
55 Building for Culture Program, which issued twenty-nine million dollars of  
56 bonds to fund capital projects that support arts, culture and heritage in the  
57 county and committed lodging taxes generated every year in King County  
58 beginning in 2021 to debt service payment of these bonds.

59 12. Since 1967, the King County lodging tax has been used to finance the  
60 construction of two professional sports stadiums and an exhibition center.

61 13. The PFD and the Baseball Club have entered into a nonbinding term  
62 sheet, dated May 23, 2018, wherein the Baseball Club has agreed to lease  
63 the ballpark for an initial term of twenty-five years starting in 2019 and to  
64 assume obligations, including financial responsibilities for the operation,

65 maintenance and capital improvements to the ballpark in exchange for the  
66 PFD assuming obligations, including financial responsibilities related to  
67 capital improvements to the ballpark's existing infrastructure.

68 14. In the next twenty years, the ballpark is expected to generate forty-six  
69 million dollars for local jurisdictions and one hundred forty million dollars  
70 for Washington state.

71 15. Under the terms of the proposed funding agreement that is the subject  
72 of this ordinance, the county would transfer a portion of future lodging tax  
73 revenues beginning in 2021, to be coterminous with the PFD leasing the  
74 ballpark to the Baseball Club. The transferred tax revenues may only be  
75 used for capital improvements to the existing infrastructure of the  
76 ballpark. The agreement does not authorize public funding on upgrades to  
77 the ballpark, such as suites or so-called Club spaces. The agreement  
78 further requires that all modernization upgrades, as well as all operation  
79 and maintenance expenses to be paid for by the Mariners during the lease  
80 term and any extensions.

81 16. A continued investment in the publicly owned ballpark is necessary to  
82 ensure that it remain a source of wholesome, family-centered  
83 entertainment and provide a sense of enhanced civic pride as well as a  
84 positive impact on the local and regional economy.

85 17. The ballpark promotes tourism and attracts tourists to the county, with  
86 approximately forty-five percent of fans coming from locations outside of  
87 King County.

88 18. Multicultural markets that have vendors of goods, wares or services  
89 have the effect of attracting tourists to those markets and promoting  
90 tourism to the county.

91 19. Savor Snoqualmie is an effort coordinated by the Mountain to Sounds  
92 Greenway Trust that works to promote tourism in the Snoqualmie Valley.

93 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

94 SECTION 1. Findings:

95 A. Beginning in 2021, King County intends to allocate baseline lodging tax  
96 revenues for the following programs and to the following organizations according to the  
97 estimated revenues established using the August 2018 Office of Economic and Financial  
98 Analysis forecast found in Attachment C to this ordinance:

99 1. Thirty-seven and one half percent to be transferred to the cultural development  
100 authority of King County ("4Culture") to support art museums, cultural museums,  
101 heritage museums, the arts and the performing arts in accordance with RCW  
102 67.28.180(3)(d)(i);

103 2. Thirty-four and nine-tenths of one percent to be allocated to the department of  
104 community and human services to support transit oriented development projects that  
105 preserve or develop affordable workforce housing or services for homeless youth in  
106 accordance with RCW 67.28.180(3)(d)(ii);

107 3. Two and six-tenths of one percent to be allocated to the department of  
108 community and human services to support services for homeless youth in accordance  
109 with RCW 67.28.180(3)(d)(ii); and

110 4. Twenty-five percent to be allocated by the county for capital or operating

111 programs that promote tourism and attract tourists to the county or support transit  
112 oriented development projects that preserve or develop affordable workforce housing or  
113 services for homeless youth in accordance with RCW 67.28.180(3)(d)(ii):

114 a. debt service on the original Building for Culture Program bonds, in  
115 accordance with the county's contractual obligation as set forth in the agreement for  
116 implementation of the Building for Culture Program between the county and 4Culture;

117 b. after allocating sufficient lodging tax revenues to satisfy the debt service of  
118 subsection A.4.a. of this section, transfer of forty-three and eight-tenths of one percent of  
119 the remaining amount to the Washington State Major League Baseball Stadium Public  
120 Facilities District ("the PFD") for twenty-three years to be used for capital improvements  
121 to the existing infrastructure at Safeco Field ("the ballpark");

122 c. after allocating sufficient lodging tax revenues to satisfy the debt service  
123 under subsection 4.3.a. of this section and the transfer of lodging tax revenues to the PFD  
124 under subsection A.4.b. of this section, reserve one million dollars each year from 2021  
125 to 2029 for capital or operating programs that promote tourism and attract tourists in all  
126 parts of the county. It is the intent of the council that from the reserve, twenty-five  
127 thousand dollars a year will be used to support Savor Snoqualmie's tourism promotion  
128 efforts; and

129 d. after allocating sufficient lodging tax revenues to satisfy the debt service of  
130 subsection A.4.a. of this section, the transfer of lodging tax revenues to the PFD under  
131 subsection A.4.b. of this section and reserving the revenue as described in subsection  
132 A.4.c. of this section, all remaining funds shall be allocated to the department of  
133 community and human services to support transit oriented development projects that

134 preserve or develop affordable workforce housing or services for homeless youth.

135 B. It is the intent of the council to allocate any lodging tax revenues that exceed  
136 baseline revenues found in Attachment C to this ordinance for the following programs  
137 and organizations:

138 1. Two hundred thousand dollars be transferred each year to the Kent Special  
139 Events Center Public Facilities District to support capital maintenance at the ~~accesso~~  
140 ~~Showare~~ Center facility until the total transferred amount equals two million dollars;

141 2. Thirty-seven and one half percent to be transferred to 4Culture to support art  
142 museums, cultural museums, heritage museums, the arts and performing arts;

143 3. After allocating sufficient lodging tax revenues to satisfy the requirements in  
144 subsection B.1. of this section, ten percent of the moneys remaining to be allocated to the  
145 department of community and human services to support transit oriented development  
146 projects that preserve or develop affordable workforce housing or services for homeless  
147 youth;

148 4. After allocating sufficient lodging tax revenues to satisfy the requirements in  
149 subsection B.1. of this section, forty-two and one half percent of the moneys remaining to  
150 be reserved for capital or operating programs that promote tourism and encourage visitors  
151 in all parts of the county; and

152 5. After allocating sufficient lodging tax revenues to satisfy the requirements in  
153 subsection B.1. of this section, ten percent of the moneys remaining to be transferred to  
154 the PFD until the year 2043 to be used for capital improvements to the existing  
155 infrastructure at the ballpark.

156 C. It is the intent of the council to request the executive to issue bonds in the

157 amount of \$100 million to support transit oriented development projects that preserve or  
158 develop affordable workforce housing as soon as possible.

159 D. It is the intent of the council, in consultation with the executive, to engage  
160 county visitor and tourism organizations to work in collaboration to set up a fund that  
161 will support capital and operating programs that promote tourism and attract tourists to  
162 all parts of the county. It is the intent of the council that multicultural markets be eligible  
163 to receive moneys from that tourism fund, particularly if the market's vendors are from  
164 communities that have recently been displaced or are at risk of displacement.

165 E. It is the intent of the council to request the executive develop a countywide  
166 strategic arts, heritage, historic preservation, and culture plan for the allocation of the  
167 lodging tax revenues described in subsections A.1. and B.1. of this section. It is the  
168 intent of the council to request that the proposed strategic plan be forwarded to the  
169 council by December 31, 2019, in order to inform the budget process for the 2021 - 2022  
170 budget.

171 F. It is the intent of the council to request the executive to develop and transmit  
172 legislation to support the identified allocations as described in subsections A.4.c. and B.3.  
173 of this section including appropriation requests.

174 G. It is the intent of the council to request the executive develop an expenditure  
175 plan for the lodging tax revenues allocated under subsections A.2. and B.2. of this section  
176 not already programed in the 2016 Transit Oriented Development Bond Allocation Plan,  
177 receipt of which the council acknowledged by passing Motion 14687. The expenditure  
178 plan should at a minimum support the recommendations of the Regional Affordable  
179 Housing Task Force and describe how the lodging tax revenues allocated under

180 subsections A.2. and B.2. of this section will be used across the county in an equitable  
181 manner. It is the intent of the council to request that the expenditure plan be forwarded to  
182 the council by February 28, 2019.

183 SECTION 2. In accordance with K.C.C. 4A.100.070.D.2.b, the executive has  
184 requested the council's authorization to execute an agreement that commits the county to  
185 expend moneys beyond the biennium. Under the funding agreement, Attachment A to  
186 this ordinance, and if the PFD and the Baseball Club of Seattle L.L.L.P. entering into  
187 both a lease substantially in compliance with the May 23, 2018 Lease Renewal Term  
188 Sheet ("Lease") and a nonrelocation agreement that obligates the Club and any successor-  
189 in-interest to retain the ballpark as a home venue of a Major League Baseball team for the  
190 term of the Lease, King County would be contractually obligated to transfer applicable  
191 lodging tax revenues to the PFD, starting in 2021, in an amount in accordance with  
192 section 1.A.4.b. and 1.B.4. of this ordinance and the provisions of the funding agreement  
193 for a period not to exceed twenty-three years. The transferred tax revenues to be used for  
194 capital improvements to the existing infrastructure of the ballpark.

195 SECTION 3. The executive is hereby authorized to execute the funding  
196 agreement with the PFD substantially in the form of Attachment A to this ordinance.

197 SECTION 4. The executive is hereby authorized to execute the sixth amendment  
198 to the 1996 financing agreement with the PFD substantially in the form of Attachment B  
199 to this ordinance."

200

201 Delete Attachment A. Funding Agreement Between King County and the Washington  
202 State Major League Baseball Stadium Public Facilities District, dated September 1, 2018,

203 and insert Attachment A. Funding Agreement Between King County and the Washington  
204 State Major League Baseball Stadium Public Facilities District, dated September 17,  
205 2018.

206

207 **EFFECT: *The striking amendment would do the following:***

- 208 • *Makes changes to bring the language about tourism and transit oriented*  
209 *development into closer alignment with RCW;*
- 210 • *Adds the excess funds in Section B to the requested planning for arts and*  
211 *culture funding in Section D;*
- 212 • *Adds the excess funds in Section B to the request to the identified allocations in*  
213 *Section F;*
- 214 • *Makes corrections to Section 2 (related to council's authorization for the*  
215 *executive to execute the funding agreement) to align with King County Code;*
- 216 • *Makes corrections and clarifications in Section 1. Provision of Funds to the*  
217 *County in Attachment A. Funding Agreement;*
- 218 • *Makes corrections and clarifications in the indemnification provision in*  
219 *Attachment A. Funding Agreement; and*
- 220 • *Makes other technical corrections in proposed ordinance language and*  
221 *Attachment A. Funding Agreement.*

222

*Amended*

**FUNDING AGREEMENT BETWEEN KING COUNTY AND THE  
WASHINGTON STATE MAJOR LEAGUE BASEBALL STADIUM  
PUBLIC FACILITIES DISTRICT**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46

This Funding Agreement (the "Agreement") is made and entered into as of the date of the last authorized signature ("Effective Date"), by and between King County (the "County") and the Washington State Major League Baseball Stadium Public Facilities District (the "District"), collectively referred to as the "Parties."

**STATEMENTS OF FACT**

The Washington State Major League Baseball Stadium Public Facilities District, established pursuant to RCW 36.100 and King County Ordinance 12000, successfully developed a Major League Baseball ballpark in the City of Seattle (the "Ballpark") and entered into a lease with The Baseball Club of Seattle, L.L.L.P. (the "Club") for the Ballpark as the home venue of a Major League Baseball team for the benefit of the citizens of the County and visitors to the Ballpark.

The Ballpark attracts tourists to the King County region, who attend arts, heritage and culture events and/or recreational, professional, and amateur sports events, and some of whom stay overnight.

The existing lease with the Club expires at the end of 2018. The District and the Club have executed the "Lease Renewal Term Sheet May 23, 2018" ("Term Sheet") for a new long-term lease (the "Lease"). The Lease duration will be for an initial term of 25 years, starting in 2019, and the Lease requires significant investment in the publicly owned Ballpark over the duration of the Lease to assure that it will remain an attractive and competitive venue for Major League Baseball and for fans.

The Club has confirmed that the Club's agreement to a binding Lease consistent with the Term Sheet is contingent upon the County allocating a portion of available proceeds from its lodging tax authorized pursuant to RCW 67.28.180.

While the District takes no position on an allocation of the lodging tax revenue out of respect for the County's decision-making process, the Term Sheet provides that the District will accept an allocation of such funds were the County to provide it.

The County Council, the County Executive concurring, enacted its Ordinance 2018-0374 authorizing the County Executive to sign this Agreement between the County and the District providing for the transfer of such funding to the District and specifying the manner in which such funding must be used by the District.

NOW, THEREFORE, in consideration of the statements of fact, promises, covenants and consideration set forth herein, the County and the District hereby agree, as follows.

**AGREEMENT**

**Section 1. Provision of Funds by the County.**

Pursuant to the terms and conditions set forth in this Agreement, if the District and the Club have executed both a lease consistent with the Term Sheet and a nonrelocation agreement that obligates the Club and any successor-in-interest to retain the Ballpark as a home venue of a Major League Baseball team for the term of the Lease, the County agrees that it will annually transfer County lodging tax proceeds to the District ("Yearly Transfers") pursuant to the following formula: forty three and eight tenths of one percent (43.8%) of the share of County lodging tax proceeds available pursuant to RCW 67.28.180(3)(d)(iii) that is remaining after such share is reduced each year by the amounts provided in Exhibit A ("Annual Reductions"); provided however, no annual transfer may exceed the estimated annual amount for that year as set forth in Exhibit B ("Estimated Annual Transfers"). The estimated annual amounts listed in Exhibit B are based on the August 2018 OEFA Estimated Annual Lodging Tax Revenue, set forth in Exhibit C. If in any year lodging tax revenues are less than the forecasted Total Lodging Tax Revenues, the District agrees that it is only entitled to and will except the Yearly Transfer for that year. If in any given year lodging tax revenues exceed the 2018 forecasted Total Lodging Tax Revenues, then the County agrees to also transfer to the District ten percent of any amount of revenue that exceeds the 2018 forecasted Total Lodging Tax Revenues for that year ("Additional Transfers"). Yearly Transfers shall commence in calendar year 2021 after final payment or defeasance of the CenturyLink Field and Exhibition Center bonds and continue for the remainder of the initial term of the Lease. The County will make such Yearly Transfers on a quarterly basis in arrears, unless the Parties approve by separate agreement the transfer of advances of amounts against which subsequent lodging tax proceeds will be credited. Additional Transfers, if any, will be paid on the first business day of April in the year following that for which the Additional Transfer is generated.

By executing this Agreement, the District agrees that the provision of funds contemplated by this Section 1 is acceptable.

The County's obligation to make such transfers of lodging tax proceeds shall continue for twenty-three years; provided, that the County may cease to make such transfers in the event that: (1) the Ballpark is no longer used as the home venue for a Major League Baseball team and the County finds, after good faith consultation with the District, that continued investment in the Ballpark is neither necessary nor useful to attract a new team to the region; or (2) the use of the Ballpark is terminated or interrupted due to a catastrophic event and the County finds, after good faith consultation with the District, that continued transfers are not necessary unless and until plans for its replacement and/or continued use as a venue for Major League Baseball have been approved by the District and the County. The District shall provide notice to the County if events have occurred which could give rise to such cessation of transfers.

The County's obligation to make such transfers of lodging tax proceeds is contingent upon the District and the Club executing an agreement, before or at the same time that the Lease is executed, that contains requirements sufficient to prevent labor disputes that would impose costs and burdens upon the County, including but not limited to the likelihood of boycotts or strikes affecting the Ballpark's operations and visitor spending.

93

94 **Section 2. Expenditure of Funds.**

95

96 The District shall use, or cause to be used, the funds transferred by the County in accordance with  
97 Section 1 solely to provide a portion of the funding, in addition to the other available funds  
98 identified in the Lease, for capital improvements to the existing infrastructure of the Ballpark  
99 including replacements and major repairs as determined by the District in a manner consistent with  
100 the Lease and RCW 67.28.180. Such existing infrastructure includes basic building systems, such  
101 as plumbing, electrical and HVAC, as well as building structural elements and essential building  
102 components, such as the retractable roof and its support system and other uses related to the basic  
103 functioning of the Ballpark, but does not include expenditures related to baseball operations or  
104 facility upgrades with direct revenue generation potential, such as suites, restaurants, or so-called  
105 Club spaces. Funds transferred by the County under this Agreement shall not be used for operation  
106 or maintenance of the Ballpark.

107

108 The District shall retain the County lodging tax proceeds transferred from the County separate and  
109 apart from other funds in its possession and shall not commingle such amounts with other funds of  
110 the District. The amounts received pursuant to this Agreement shall be deposited in and accounted  
111 for in a separate fund of the District (and not the Capital Expenditure Fund of the District  
112 established under the Lease). County lodging tax proceeds must be applied only to eligible capital  
113 improvements, including major repairs and replacements and improvements identified in the  
114 annual Management Plans ("Plan" or "Plans") developed by the Club and approved by the District  
115 as provided in the Lease. Such Plans shall specifically identify expenditures for which County  
116 lodging tax proceeds may be used consistent with the requirements of this Agreement and  
117 RCW 67.28.180.

118

119 Annually and prior to allocating County lodging tax proceeds for any Ballpark improvements, the  
120 District shall inform the County of any proposed improvements in the current Plan for which it has  
121 determined it may apply County lodging tax proceeds consistent with the requirements of this  
122 Agreement. The District also shall annually report to the County on its application of County  
123 lodging tax proceeds as reflected in the Plans and as previously reported to the County. Such  
124 reports shall include information regarding the status of the work funded in whole or in part by  
125 County lodging tax proceeds.

126

127 **Section 3. Amendments.**

128

129 The Agreement may be amended at any time. To be effective, the amendment must be in writing  
130 and signed by the District's Board Chair and the King County Executive or their designees;  
131 provided however, before the Executive may sign any amendment purporting to either change the  
132 duration of this Agreement or change the amount of lodging tax revenues to be transferred to the  
133 District, the proposed amendment shall first be transmitted to the King County Council. The  
134 Council shall have thirty days, from the date the Executive transmits the amendment to the clerk  
135 of the Council ("review period"), to review the proposed amendment; and unless the Council  
136 passes a motion objecting to the amendment within that review period, at the conclusion of the  
137 review period, the Executive may sign the amendment.

138

139 **Section 4. Entire Agreement.**  
140

141 This Agreement is the complete expression of the terms hereto and any oral representations or  
142 understandings not incorporated here are excluded.  
143

144 **Section 5. Administration.**  
145

146 All tasks and services undertaken pursuant to this Agreement shall be administered on behalf of  
147 the County by its Budget Director, who will represent the County in administering tasks covered  
148 by the Agreement, and on behalf of the District by the District Executive Director who will  
149 represent the District in administering tasks covered by the Agreement.  
150

151 Any problem that cannot be resolved by the County's Budget Director and the District's Executive  
152 Director shall be referred to the Chair of the District Board and the County Executive, who may  
153 resolve the issue with or without using the dispute resolution provisions of Section 7 of this  
154 Agreement.  
155

156 **Section 6. Establishment and Maintenance of Records.**  
157

158 Each Party shall maintain records which accurately reflect all actions taken pursuant to this  
159 Agreement.  
160

161 **Section 7. Dispute Resolution.**  
162

163 The Parties shall use good faith efforts to resolve all claims, disputes and other matters in question  
164 between the Parties arising out of or relating to this Agreement, through nonbinding arbitration or  
165 mediation. If the Parties cannot resolve their dispute pursuant to nonbinding arbitration or  
166 mediation as aforementioned, jurisdiction and venue for resolving any dispute arising out of or in  
167 in connection with this Agreement shall be in the Superior Court for the State of Washington in  
168 King County.  
169

170 **Section 8. Assignment.**  
171

172 Neither Party shall assign this Agreement without the written consent of the other. This Agreement  
173 shall inure to the benefit of and be binding upon the Parties hereto and their successors and  
174 permitted assigns.  
175

176 **Section 9. Governing Law.**  
177

178 This Agreement shall be governed and construed in accordance with the laws of the State of  
179 Washington, without giving effect to any choice of law or conflict of law provision or rule (whether  
180 of the State of Washington or any other jurisdictions) that would cause the application of the laws  
181 of any jurisdictions other than the State of Washington.  
182

183 **Section 10. Severability.**  
184

185 If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable,  
186 the remaining terms and provisions unaffected thereby shall remain in full force and effect.  
187

188 **Section 11. Third Party Beneficiaries.**  
189

190 This Agreement is solely for the benefit of the District and the County, and no other person may  
191 acquire or have any right hereunder by virtue hereof.  
192

193 **Section 12. Indemnification.**  
194

195 The District shall indemnify, defend and hold the County, its officers, officials, agents and  
196 employees harmless from and against any and all suits, actions, losses, liabilities, claims, agency  
197 findings, orders or requirements, penalties, expenses (including reasonable attorney fees), and  
198 damages of whatsoever kind or nature (collectively "Claims") relating to, in connection with, or  
199 arising out of, directly or indirectly, the District's use of funds transferred to it by the County or  
200 the exercise of its obligations, rights or privileges under this Agreement. The District's obligations  
201 under this section shall include: (a) indemnification for Claims regardless of negligence or fault of  
202 the District or a third party; (b) the duty to promptly accept tender of defense and provide defense  
203 to the County at the District's expense; (c) indemnification of Claims made by District employees,  
204 agents or lessees; and (d) waiver of the District's immunity under the industrial insurance  
205 provisions of Title 51 RCW, which waiver has been mutually negotiated by the Parties.  
206

207 The District further agrees that it is financially responsible for and shall repay the County all  
208 indicated amounts following an audit exception that occurs due to the negligence, intentional act,  
209 and/or failure to comply with the terms of this Agreement by the District, its officers, employees,  
210 agents, and/or representatives. The County agrees that it is financially responsible for and shall  
211 repay the District those amounts of lodging tax proceeds that an audit exception or finding  
212 determines are due to the District resulting from the negligence, intentional act and/or failure to  
213 comply with the terms of this Agreement by the County, its officers, employees, agents, and/or  
214 representatives.  
215

216 The District's and the County's obligations under this Section 12 shall survive any termination of  
217 this Agreement.  
218

219 **Section 13. Duration.**  
220

221 This Agreement shall terminate on December 31, 2043.  
222

223 In witness whereof, the Parties hereto have accepted this Agreement.  
224  
225

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC  
FACILITIES DISTRICT

By \_\_\_\_\_  
Dow Constantine, County Executive

By \_\_\_\_\_  
Virginia Anderson, Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to form:

Approved as to form:

\_\_\_\_\_  
King County Prosecuting Attorney

\_\_\_\_\_  
Thomas Eli Backer, PFD Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

226

**EXHIBIT A**  
**ANNUAL REDUCTIONS**

<b>Year</b>	<b>Reduction Amounts</b>
2021	2,228,700
2022	2,229,300
2023	2,228,800
2024	2,229,050
2025	2,229,800
2026	2,230,800
2027	2,232,600
2028	2,231,000
2029	2,231,000
2030	2,232,400
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
<b>TOTAL</b>	<b>22,303,450</b>

**Exhibit B**  
**ESTIMATED ANNUAL TRANSFER TO**  
**DISTRICT (AUGUST 2018 OEFA FORECAST)**

Year	Transfer to District
2021	\$ 3,258,460
2022	\$ 3,418,503
2023	\$ 3,522,790
2024	\$ 3,656,154
2025	\$ 3,766,704
2026	\$ 3,985,073
2027	\$ 4,146,816
2028	\$ 4,332,006
2029	\$ 4,523,136
2030	\$ 4,720,534
2031	\$ 5,903,465
2032	\$ 6,115,990
2033	\$ 6,336,166
2034	\$ 6,564,268
2035	\$ 6,800,581
2036	\$ 7,045,402
2037	\$ 7,299,037
2038	\$ 7,561,802
2039	\$ 7,834,027
2040	\$ 8,116,052
2041	\$ 8,408,230
2042	\$ 8,710,926
2043	\$ 9,024,519

**TOTAL** **\$135,050,644**

**Exhibit C. August 2018 OEFA Estimated Annual  
Lodging Tax Revenue**

Year	Total Lodging Tax Revenue Forecast
2021	\$38,672,427
2022	\$40,136,407
2023	\$41,086,798
2024	\$42,305,738
2025	\$43,318,324
2026	\$45,316,564
2027	\$46,800,865
2028	\$48,485,696
2029	\$50,231,181
2030	\$52,039,504
2031	\$53,912,926
2032	\$55,853,791
2033	\$57,864,528
2034	\$59,947,651
2035	\$62,105,766
2036	\$64,341,574
2037	\$66,657,870
2038	\$69,057,554
2039	\$71,543,626
2040	\$74,119,196
2041	\$76,787,487
2042	\$79,551,837
2043	\$82,415,703
<b>TOTAL</b>	<b>\$1,322,553,012</b>

## AMENDMENTS TO PO 2018-0374.2 (Lodging Tax Allocation and PFD Funding Agreement)

### Amendment Tracker for 9/17/18 Full Council

#	Page/ Line	Sponsor	Description
<b>S1</b>	Various	Dembowski	<ul style="list-style-type: none"> <li>• Makes changes to bring the language about tourism and transit oriented development into closer alignment with RCW;</li> <li>• Adds the excess funds in Section B to the requested planning for arts and culture funding in Section D;</li> <li>• Adds the excess funds in Section B to the request to the identified allocations in Section F;</li> <li>• Makes corrections to Section 2 (related to council's authorization for the executive to execute the funding agreement) to align with King County Code;</li> <li>• Makes corrections and clarifications in Section 1. Provision of Funds to the County in Attachment A. Funding Agreement;</li> <li>• Makes a correction in the indemnification provision in Attachment A. Funding Agreement; and</li> <li>• Makes other technical corrections in proposed ordinance language and Attachment A. Funding Agreement.</li> </ul>
<b>1A</b>	4/87 5/110 Att. A 2/55	Kohl-Welles	<ul style="list-style-type: none"> <li>• Adds a statement of fact identifying the PFD's taxing authorities;</li> <li>• Reduces lodging tax allocations to the PFD from 43.8% to 8.5%. (Reduction of \$109 million);</li> <li>• Increases lodging tax allocations to tourism promotion from \$8 million over eight years to \$115 million. Lodging taxes for tourism promotion are split:               <ul style="list-style-type: none"> <li>○ \$37 million to Seattle Southside with up to \$12 million to support an international market; and</li> <li>○ \$78.6 million to Visit Seattle with 5% of this allocation going to food and wine tourism promotion;</li> </ul> </li> <li>• Directs \$2.3 million to the Showare Center; and</li> <li>• Directs \$41.6 million to services for homeless youth.</li> </ul>
<b>1B</b>	4/87 5/110	Lambert	<ul style="list-style-type: none"> <li>• Increases lodging tax allocations to tourism promotion to \$115 million;</li> <li>• Lodging taxes for tourism promotion are then split:               <ul style="list-style-type: none"> <li>○ \$37 million to Seattle Southside; and</li> <li>○ \$78.6 million to Visit Seattle;</li> </ul> </li> <li>• Directs \$2.3 million to the Showare Center;</li> <li>• Directs \$575k to tourism promotion efforts in the Snoqualmie Valley; and</li> <li>• Reduces funds reserved for housing and services for homeless youth to \$54.8 million.</li> </ul>

#	Page/ Line	Sponsor	Description
<b>1C</b>	4/87 5/109 Att. A 2/55	Upthegrove	<ul style="list-style-type: none"> <li>Reduces lodging tax allocations to the PFD from 43.8% to 35.7% (Reduction of \$25 million over 23 years) and makes that same change to Attachment A;</li> <li>Increases lodging tax allocations to tourism promotion from \$8 million over eight years to \$33 million over ten years;</li> <li>Reserve \$1.5 million of tourism promotion allocation to support an international market in south king county;</li> <li>Allocates the tourism promotion allocations as follows: <ul style="list-style-type: none"> <li>\$2.15 million per year for ten years to Visit Seattle with 5% of the allocation directed to Woodinville Wine Country; and</li> <li>\$1 million a year for ten years to Seattle Southside.</li> </ul> </li> </ul>
<b>1E</b>	4/87 7/141	Balducci	States that supporting multicultural markets in King County should be an eligible use of the fund set up to promote tourism and attract tourists.
<b>2</b>	4/87 6/118	Lambert	Directs \$575k to tourism promotion efforts of Savor Snoqualmie
<b>3</b>	5/98	Dembowski, Kohl-Welles	Dedicate \$1 million for the first year and the same proportion in subsequent years of the allocation for TOD projects that preserve or develop affordable workforce housing or services for homeless youth solely to homeless youth. This would allocate \$34.4 million (2.6%) of the total lodging tax revenues for homeless youth.
<b>4</b>	5/110 Att. A 2/55	Dembowski, Kohl-Welles	Reduce PFD's allocation by \$44 million (from \$135 million to \$91 million) to increase the allocation for TOD projects that preserve or develop affordable workforce housing or services for homeless youth for the same amount. (This would reduce PFD allocation to 29.5%)
<b>5</b>	6/127 6/130 6/133 7/135	Dunn	Provides that each year, the first \$200,000 of any lodging tax revenue that exceeds the baseline revenue found in attachment C would be transferred to the Kent Special Events center until total transfer equal two million dollars.
<b>6</b>	6/133 7/134	Kohl-Welles	<p>Increases percent of lodging tax revenues that exceed the August 18 OEFA forecast allocated to tourism promotion from 42.5% to 52.5%</p> <p>Eliminates the allocation of lodging tax revenues that exceed the August 18 OEFA forecast to the PFD.</p>

#	Page/ Line	Sponsor	Description
7	Att. A 2/52 Att. A 2/54	Dembowski, Kohl-Welles	Adds a provision to the Funding Agreement to make execution of the agreement dependent on the Club executing a lease that contain a requirement that the Club continues to report net income to the PFD as it has under the current lease between the Club and the PFD.
8	Att. A 2/86	Dembowski, Kohl-Welles	If the naming rights sold is greater than \$50 million, then reduce the lodging tax proceeds to the PFD by 50% of the total value of the naming rights less \$50 million.
9	Att. A 2/88	McDermott	Modification of Attachment A. Funding Agreement modifies the language related to labor.

[Blank Page]

S1

September 17, 2018  
Corrections

[ak/khm] Sponsor: Dembowski  
Proposed No.: 2018-0374

1 **STRIKING AMENDMENT TO PROPOSED ORDINANCE 2018-0374, VERSION**

2 **2**

3 On page 1, beginning on line 5, strike everything through page 9, line 172, and insert:

4 "STATEMENT OF FACTS:

5 1. Rapid population growth in King County will necessitate building  
6 affordable and market rate housing near improved public transportation  
7 options.

8 2. The King County council, by passing Motion 14687 in 2016,  
9 acknowledged receipt of the Transit Oriented Development Bond  
10 Allocation Plan, and the goal of financing up to eighty-seven million  
11 dollars of housing projects.

12 3. As authorized by the state Legislature through RCW 67.28.180,  
13 beginning in 2021, at least thirty-seven and one-half percent of the lodging  
14 taxes generated every year in King County must be used "for contracts,  
15 loans, or grants to nonprofit organizations or public housing authorities for  
16 affordable workforce housing within one-half mile of a transit station, as  
17 described under RCW 9.91.025 or for services for homeless youth."

18 4. Equally important are: the building of new gathering places, sites

RD: →  
7-2 RD.  
JKW

19 where our diverse histories can be interpreted and shared and public  
20 cultural spaces; and the preservation of historic structures that create  
21 community identity, encourage strong social connections and further  
22 opportunity for entertainment, education and interactions. Civic  
23 institutions, such as history and art museums, public galleries, community  
24 cultural organizations, performing art centers and historic structures, play  
25 a central role in our economy and benefit local businesses, residents and  
26 tourists.

27 5. Arts, culture and heritage make this region an attractive place for new  
28 businesses that bring with them new jobs, as arts and heritage businesses  
29 add two billion dollars in business activity, eight hundred eighty-two  
30 million dollars in payroll and thirty-two thousand five hundred jobs to the  
31 central Puget Sound region.

32 6. As authorized by the state Legislature through RCW 67.28.180,  
33 beginning in 2021, at least thirty-seven and one-half percent of the lodging  
34 taxes generated every year in King County must be used to support "art  
35 museums, cultural museums, heritage museums, the arts and the  
36 performing arts."

37 7. The Washington State Major League Baseball Stadium Public  
38 Facilities District ("the PFD") operates the publicly owned Safeco Field  
39 ("the ballpark").

40 8. The ballpark is a gathering place providing an array of public benefits  
41 and employs over two thousand full and part time employees, in addition

42 to being a venue for the Seattle Mariners.

43 9. The Seattle Mariners draw nearly three million fans to the ballpark  
44 every year. Attendance at Seattle Mariners games between 2012 and 2017  
45 exceeded twelve million one hundred thousand, with many coming from  
46 out of state and supporting the local tourism industry. More than forty-  
47 five million people have attended baseball games since the ballpark  
48 opened.

49 10. As authorized by the state Legislature through RCW 67.28.180,  
50 beginning in 2021 at most twenty-five percent of the lodging taxes  
51 generated every year in King County may be used "for capital or operating  
52 programs that promote tourism and attract tourists to the county."

53 11. In 2015, the county council adopted Motion 14406, and the county  
54 effectuated through Ordinances 18179, 18180 and 18181, to establish the  
55 Building for Culture Program, which issued twenty-nine million dollars of  
56 bonds to fund capital projects that support arts, culture and heritage in the  
57 county and committed lodging taxes generated every year in King County  
58 beginning in 2021 to debt service payment of these bonds.

59 12. Since 1967, the King County lodging tax has been used to finance the  
60 construction of two professional sports stadiums and an exhibition center.

61 13. The PFD and the Baseball Club have entered into a nonbinding term  
62 sheet, dated May 23, 2018, wherein the Baseball Club has agreed to lease  
63 the ballpark for an initial term of twenty-five years starting in 2019 and to  
64 assume obligations, including financial responsibilities for the operation,

65 maintenance and capital improvements to the ballpark in exchange for the  
66 PFD assuming obligations, including financial responsibilities related to  
67 capital improvements to the ballpark's existing infrastructure.

68 14. In the next twenty years, the ballpark is expected to generate forty-six  
69 million dollars for local jurisdictions and one hundred forty million dollars  
70 for Washington state.

71 15. Under the terms of the proposed funding agreement that is the subject  
72 of this ordinance, the county would transfer a portion of future lodging tax  
73 revenues beginning in 2021, to be coterminous with the PFD leasing the  
74 ballpark to the Baseball Club. The transferred tax revenues may only be  
75 used for capital improvements to the existing infrastructure of the  
76 ballpark. The agreement does not authorize public funding on upgrades to  
77 the ballpark, such as suites or so-called Club spaces. The agreement  
78 further requires that all modernization upgrades, as well as all operation  
79 and maintenance expenses to be paid for by the Mariners during the lease  
80 term and any extensions.

81 16. A continued investment in the publicly owned ballpark is necessary to  
82 ensure that it remain a source of wholesome, family-centered  
83 entertainment and provide a sense of enhanced civic pride as well as a  
84 positive impact on the local and regional economy.

85 17. The ballpark promotes tourism and attracts tourists to the county, with  
86 approximately forty-five percent of fans coming from locations outside of  
87 King County.

88 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

89 SECTION 1. Findings:

90 A. Beginning in 2021, King County intends to allocate baseline lodging tax  
91 revenues for the following programs and to the following organizations according to the  
92 estimated revenues established using the August 2018 Office of Economic and Financial  
93 Analysis forecast found in Attachment C to this ordinance:

94 1. Thirty-seven and one half percent to be transferred to the cultural development  
95 authority of King County ("4Culture") to support art museums, cultural museums,  
96 heritage museums, the arts and the performing arts in accordance with RCW  
97 67.28.180(3)(d)(i);

98 2. Thirty-seven and one half percent to be allocated to the department of  
99 community and human services to support transit oriented development projects that  
100 preserve or develop affordable workforce housing or services for homeless youth in  
101 accordance with RCW 67.28.180(3)(d)(ii); and

102 4 ~~3~~. Twenty-five percent to be allocated by the county for capital or operating  
103 programs that promote tourism and attract tourists to the county or support transit  
104 oriented development projects that preserve or develop affordable workforce housing or  
105 services for homeless youth in accordance with RCW 67.28.180(3)(d)(ii):

106 a. debt service on the original Building for Culture Program bonds, in  
107 accordance with the county's contractual obligation as set forth in the agreement for  
108 implementation of the Building for Culture Program between the county and 4Culture;

109 b. after allocating sufficient lodging tax revenues to satisfy the debt service of  
110 subsection A.3.a. of this section, transfer of forty-three and eight-tenths of one percent of

111 the remaining amount to the Washington State Major League Baseball Stadium Public  
112 Facilities District ("the PFD") for twenty-three years to be used for capital improvements  
113 to the existing infrastructure at Safeco Field ("the ballpark");

114 c. after allocating sufficient lodging tax revenues to satisfy the debt service  
115 under subsection A.3.a. of this section and the transfer of lodging tax revenues to the PFD  
116 under subsection A.3.b. of this section, reserve one million dollars each year from 2021  
117 to 2029 for capital or operating programs that promote tourism and attract tourists in all  
118 parts of the county; and

119 d. after allocating sufficient lodging tax revenues to satisfy the debt service of  
120 subsection A.3.a. of this section, the transfer of lodging tax revenues to the PFD under  
121 subsection A.3.b. of this section and reserving the revenue as described in subsection  
122 A.3.c. of this section, all remaining funds shall be allocated to the department of  
123 community and human services to support transit oriented development projects that  
124 preserve or develop affordable workforce housing or services for homeless youth.

125 B. It is the intent of the council to allocate any lodging tax revenues that exceed  
126 baseline revenues found in Attachment C to this ordinance for the following programs  
127 and organizations:

128 1. Thirty-seven and one half percent to be transferred to 4Culture to support art  
129 museums, cultural museums, heritage museums, the arts and performing arts;

130 2. Ten percent to be allocated to the department of community and human  
131 services to support transit oriented development projects that preserve or develop  
132 affordable workforce housing or services for homeless youth;

133 3. Forty-two and one half percent to be reserved for capital or operating

134 programs that promote tourism and encourage visitors in all parts of the county; and

135 4. Ten percent to be transferred to the PFD until the year 2043 to be used for  
136 capital improvements to the existing infrastructure at the ballpark.

137 C. It is the intent of the council to request the executive to issue bonds in the  
138 amount of \$100 million to support transit oriented development projects that preserve or  
139 develop affordable workforce housing as soon as possible.

140 D. It is the intent of the council, in consultation with the executive, to engage  
141 county visitor and tourism organizations to work in collaboration to set up a tourism  
142 promotion fund in order to encourage visitors in all parts of the county.

143 E. It is the intent of the council to request the executive develop a countywide  
144 strategic arts, heritage, historic preservation, and culture plan for the allocation of the  
145 lodging tax revenues described in subsections A.1. and B.1. of this section. It is the  
146 intent of the council to request that the proposed strategic plan be forwarded to the  
147 council by December 31, 2019, in order to inform the budget process for the 2021 - 2022  
148 budget.

149 F. It is the intent of the council to request the executive to develop and transmit  
150 legislation to support the identified allocations as described in subsections A.3.c. and B.3.  
151 of this section including appropriation requests.

152 G. It is the intent of the council to request the executive develop an expenditure  
153 plan for the lodging tax revenues allocated under subsections A.2. and B.2. of this section  
154 not already programed in the 2016 Transit Oriented Development Bond Allocation Plan,  
155 receipt of which the council acknowledged by passing Motion 14687. The expenditure  
156 plan should at a minimum support the recommendations of the Regional Affordable

157 Housing Task Force and describe how the lodging tax revenues allocated under  
158 subsections A.2. and B.2. of this section will be used across the county in an equitable  
159 manner. It is the intent of the council to request that the expenditure plan be forwarded to  
160 the council by February 28, 2019.

161 SECTION 2. In accordance with K.C.C. 4A.100.070.D.2.b, the executive has  
162 requested the council's authorization to execute an agreement that commits the county to  
163 expend moneys beyond the biennium. Under the funding agreement, Attachment A to  
164 this ordinance, and if the PFD and the Baseball Club of Seattle L.L.L.P. entering into  
165 both a lease substantially in compliance with the May 23, 2018 Lease Renewal Term  
166 Sheet ("Lease") and a nonrelocation agreement that obligates the Club and any successor-  
167 in-interest to retain the ballpark as a home venue of a Major League Baseball team for the  
168 term of the Lease, King County would be contractually obligated to transfer applicable  
169 lodging tax revenues to the PFD, starting in 2021, in an amount in accordance with  
170 sections 1.A. <sup>4</sup>b. and 1.B.4. of this ordinance and the provisions of the funding agreement  
171 for a period not to exceed twenty-three years. The transferred tax revenues to be used for  
172 capital improvements to the existing infrastructure of the ballpark.

173 SECTION 3. The executive is hereby authorized to execute the funding  
174 agreement with the PFD substantially in the form of Attachment A to this ordinance.

175 SECTION 4. The executive is hereby authorized to execute the sixth amendment  
176 to the 1996 financing agreement with the PFD substantially in the form of Attachment B  
177 to this ordinance."

178

179 Delete Attachment A. Funding Agreement Between King County and the Washington  
180 State Major League Baseball Stadium Public Facilities District, dated September 1, 2018,  
181 and insert Attachment A. Funding Agreement Between King County and the Washington  
182 State Major League Baseball Stadium Public Facilities District, dated September 17,  
183 2018.

184

185 **EFFECT:** *The striking amendment would do the following:*

- 186 • *Makes changes to bring the language about tourism and transit oriented*  
187 *development into closer alignment with RCW;*
- 188 • *Adds the excess funds in Section B to the requested planning for arts and*  
189 *culture funding in Section D;*
- 190 • *Adds the excess funds in Section B to the request to the identified allocations in*  
191 *Section F;*
- 192 • *Makes corrections to Section 2 (related to council's authorization for the*  
193 *executive to execute the funding agreement) to align with King County Code;*
- 194 • *Makes corrections and clarifications in Section 1. Provision of Funds to the*  
195 *County in Attachment A. Funding Agreement;*
- 196 • *Makes corrections and clarifications in the indemnification provision in*  
197 *Attachment A. Funding Agreement; and*
- 198 • *Makes other technical corrections in proposed ordinance language and*  
199 *Attachment A. Funding Agreement.*

200

[Blank Page]



AGREEMENT

**Section 1. Provision of Funds by the County.**

Pursuant to the terms and conditions set forth in this Agreement, if the District and the Club have executed both a lease consistent with the Term Sheet and a nonrelocation agreement that obligates the Club and any successor-in-interest to retain the Ballpark as a home venue of a Major League Baseball team for the term of the Lease, the County agrees that it will annually transfer County lodging tax proceeds to the District ("Yearly Transfers") pursuant to the following formula: forty three and eight tenths of one percent (43.8%) of the share of County lodging tax proceeds available pursuant to RCW 67.28.180(3)(d)(iii) that is remaining after such share is reduced each year by the amounts provided in Exhibit A ("Annual Reductions"); provided however, no annual transfer may exceed the estimated annual amount for that year as set forth in Exhibit B ("Estimated Annual Transfers"). The estimated annual amounts listed in Exhibit B are based on the August 2018 OEFA Estimated Annual Lodging Tax Revenue, set forth in Exhibit C. If in any year lodging tax revenues are less than the forecasted Total Lodging Tax Revenues, the District agrees that it is only entitled to and will except the Yearly Transfer for that year. If in any given year lodging tax revenues exceed the 2018 forecasted Total Lodging Tax Revenues, then the County agrees to also transfer to the District ten percent of any amount of revenue that exceeds the 2018 forecasted Total Lodging Tax Revenues for that year ("Additional Transfers"). Yearly Transfers shall commence in calendar year 2021 after final payment or defeasance of the CenturyLink Field and Exhibition Center bonds and continue for the remainder of the initial term of the Lease. The County will make such Yearly Transfers on a quarterly basis in arrears, unless the Parties approve by separate agreement the transfer of advances of amounts against which subsequent lodging tax proceeds will be credited. Additional Transfers, if any, will be paid on the first business day of April in the year following that for which the Additional Transfer is generated.

By executing this Agreement, the District agrees that the provision of funds contemplated by this Section 1 is acceptable.

The County's obligation to make such transfers of lodging tax proceeds shall continue for twenty-three years; provided, that the County may cease to make such transfers in the event that: (1) the Ballpark is no longer used as the home venue for a Major League Baseball team and the County finds, after good faith consultation with the District, that continued investment in the Ballpark is neither necessary nor useful to attract a new team to the region; or (2) the use of the Ballpark is terminated or interrupted due to a catastrophic event and the County finds, after good faith consultation with the District, that continued transfers are not necessary unless and until plans for its replacement and/or continued use as a venue for Major League Baseball have been approved by the District and the County. The District shall provide notice to the County if events have occurred which could give rise to such cessation of transfers.

The County's obligation to make such transfers of lodging tax proceeds is contingent upon the District and the Club executing an agreement, before or at the same time that the Lease is executed, that substantially complies with the following provisions:

91 1. The Club agrees to remain neutral in response to any employee organizing campaign.  
92 The Club agrees to not take any action or make any statement showing preference for or opposition  
93 to employee organizing.

94 2. If the requisite number of employees indicate they wish to be represented, the Club  
95 agrees to recognize the union for the purposes of collective bargaining.

96 3. The Club agrees to provide reasonable, limited access to the Ballpark or the Club's  
97 leased premises and to the Club's employees for unions representing or seeking to represent its  
98 employees consistent with the standards established by the National Labor Relations Board.

99 4. The Club agrees to require contractors and sub-contractors to meet the above terms.

100  
101 **Section 2. Expenditure of Funds.**  
102

103 The District shall use, or cause to be used, the funds transferred by the County in accordance with  
104 Section 1 solely to provide a portion of the funding, in addition to the other available funds  
105 identified in the Lease, for capital improvements to the existing infrastructure of the Ballpark  
106 including replacements and major repairs as determined by the District in a manner consistent with  
107 the Lease and RCW 67.28.180. Such existing infrastructure includes basic building systems, such  
108 as plumbing, electrical and HVAC, as well as building structural elements and essential building  
109 components, such as the retractable roof and its support system and other uses related to the basic  
110 functioning of the Ballpark, but does not include expenditures related to baseball operations or  
111 facility upgrades with direct revenue generation potential, such as suites, restaurants, or so-called  
112 Club spaces. Funds transferred by the County under this Agreement shall not be used for operation  
113 or maintenance of the Ballpark.  
114

115 The District shall retain the County lodging tax proceeds transferred from the County separate and  
116 apart from other funds in its possession and shall not commingle such amounts with other funds of  
117 the District. The amounts received pursuant to this Agreement shall be deposited in and accounted  
118 for in a separate fund of the District (and not the Capital Expenditure Fund of the District  
119 established under the Lease). County lodging tax proceeds must be applied only to eligible capital  
120 improvements, including major repairs and replacements and improvements identified in the  
121 annual Management Plans ("Plan" or "Plans") developed by the Club and approved by the District  
122 as provided in the Lease. Such Plans shall specifically identify expenditures for which County  
123 lodging tax proceeds may be used consistent with the requirements of this Agreement and  
124 RCW 67.28.180.  
125

126 Annually and prior to allocating County lodging tax proceeds for any Ballpark improvements, the  
127 District shall inform the County of any proposed improvements in the current Plan for which it has  
128 determined it may apply County lodging tax proceeds consistent with the requirements of this  
129 Agreement. The District also shall annually report to the County on its application of County  
130 lodging tax proceeds as reflected in the Plans and as previously reported to the County. Such  
131 reports shall include information regarding the status of the work funded in whole or in part by  
132 County lodging tax proceeds.  
133

134 **Section 3. Amendments.**  
135

136 The Agreement may be amended at any time. To be effective, the amendment must be in writing  
137 and signed by the District's Board Chair and the King County Executive or their designees;  
138 provided however, before the Executive may sign any amendment purporting to either change the  
139 duration of this Agreement or change the amount of lodging tax revenues to be transferred to the  
140 District, the proposed amendment shall first be transmitted to the King County Council. The  
141 Council shall have thirty days, from the date the Executive transmits the amendment to the clerk  
142 of the Council ("review period"), to review the proposed amendment; and unless the Council  
143 passes a motion objecting to the amendment within that review period, at the conclusion of the  
144 review period, the Executive may sign the amendment.  
145

146 **Section 4. Entire Agreement.**  
147

148 This Agreement is the complete expression of the terms hereto and any oral representations or  
149 understandings not incorporated here are excluded.  
150

151 **Section 5. Administration.**  
152

153 All tasks and services undertaken pursuant to this Agreement shall be administered on behalf of  
154 the County by its Budget Director, who will represent the County in administering tasks covered  
155 by the Agreement, and on behalf of the District by the District Executive Director who will  
156 represent the District in administering tasks covered by the Agreement.  
157

158 Any problem that cannot be resolved by the County's Budget Director and the District's Executive  
159 Director shall be referred to the Chair of the District Board and the County Executive, who may  
160 resolve the issue with or without using the dispute resolution provisions of Section 7 of this  
161 Agreement.  
162

163 **Section 6. Establishment and Maintenance of Records.**  
164

165 Each Party shall maintain records which accurately reflect all actions taken pursuant to this  
166 Agreement.  
167

168 **Section 7. Dispute Resolution.**  
169

170 The Parties shall use good faith efforts to resolve all claims, disputes and other matters in question  
171 between the Parties arising out of or relating to this Agreement, through nonbinding arbitration or  
172 mediation. If the Parties cannot resolve their dispute pursuant to nonbinding arbitration or  
173 mediation as aforementioned, jurisdiction and venue for resolving any dispute arising out of or in  
174 in connection with this Agreement shall be in the Superior Court for the State of Washington in  
175 King County.  
176

177 **Section 8. Assignment.**  
178

179 Neither Party shall assign this Agreement without the written consent of the other. This Agreement  
180 shall inure to the benefit of and be binding upon the Parties hereto and their successors and  
181 permitted assigns.  
182

183 **Section 9. Governing Law.**  
184

185 This Agreement shall be governed and construed in accordance with the laws of the State of  
186 Washington, without giving effect to any choice of law or conflict of law provision or rule (whether  
187 of the State of Washington or any other jurisdictions) that would cause the application of the laws  
188 of any jurisdictions other than the State of Washington.  
189

190 **Section 10. Severability.**  
191

192 If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable,  
193 the remaining terms and provisions unaffected thereby shall remain in full force and effect.  
194

195 **Section 11. Third Party Beneficiaries.**  
196

197 This Agreement is solely for the benefit of the District and the County, and no other person may  
198 acquire or have any right hereunder by virtue hereof.  
199

200 **Section 12. Indemnification.**  
201

202 The District shall indemnify, defend and hold the County, its officers, officials, agents and  
203 employees harmless from and against any and all suits, actions, losses, liabilities, claims, agency  
204 findings, orders or requirements, penalties, expenses (including reasonable attorney fees), and  
205 damages of whatsoever kind or nature (collectively "Claims") relating to, in connection with, or  
206 arising out of, directly or indirectly, the District's use of funds transferred to it by the County or  
207 the exercise of its obligations, rights or privileges under this Agreement. The District's obligations  
208 under this section shall include: (a) indemnification for Claims regardless of negligence or fault of  
209 the District or a third party; (b) the duty to promptly accept tender of defense and provide defense  
210 to the County at the District's expense; (c) indemnification of Claims made by District employees,  
211 agents or lessees; and (d) waiver of the District's immunity under the industrial insurance  
212 provisions of Title 51 RCW, which waiver has been mutually negotiated by the Parties.  
213

214 The District further agrees that it is financially responsible for and shall repay the County all  
215 indicated amounts following an audit exception that occurs due to the negligence, intentional act,  
216 and/or failure to comply with the terms of this Agreement by the District, its officers, employees,  
217 agents, and/or representatives. The County agrees that it is financially responsible for and shall  
218 repay the District those amounts of lodging tax proceeds that an audit exception or finding  
219 determines are due to the District resulting from the negligence, intentional act and/or failure to  
220 comply with the terms of this Agreement by the County, its officers, employees, agents, and/or  
221 representatives.  
222

223 The District's and the County's obligations under this Section 12 shall survive any termination of  
224 this Agreement.

225

226 **Section 13. Duration.**

227

228 This Agreement shall terminate on December 31, 2043.

229

230 In witness whereof, the Parties hereto have accepted this Agreement.

231

232

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC  
FACILITIES DISTRICT

By \_\_\_\_\_  
Dow Constantine, County Executive

By \_\_\_\_\_  
Virginia Anderson, Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to form:

Approved as to form:

\_\_\_\_\_  
King County Prosecuting Attorney

\_\_\_\_\_  
Thomas Eli Backer, PFD Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

233

**EXHIBIT A**  
**ANNUAL REDUCTIONS**

Year	Reduction Amounts
2021	2,228,700
2022	2,229,300
2023	2,228,800
2024	2,229,050
2025	2,229,800
2026	2,230,800
2027	2,232,600
2028	2,231,000
2029	2,231,000
2030	2,232,400
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
TOTAL	22,303,450

**Exhibit B**  
**ESTIMATED ANNUAL TRANSFER TO**  
**DISTRICT (AUGUST 2018 OEFA FORECAST)**

Year	Transfer to District	
2021	\$	3,258,460
2022	\$	3,418,503
2023	\$	3,522,790
2024	\$	3,656,154
2025	\$	3,766,704
2026	\$	3,985,073
2027	\$	4,146,816
2028	\$	4,332,006
2029	\$	4,523,136
2030	\$	4,720,534
2031	\$	5,903,465
2032	\$	6,115,990
2033	\$	6,336,166
2034	\$	6,564,268
2035	\$	6,800,581
2036	\$	7,045,402
2037	\$	7,299,037
2038	\$	7,561,802
2039	\$	7,834,027
2040	\$	8,116,052
2041	\$	8,408,230
2042	\$	8,710,926
2043	\$	9,024,519

**TOTAL** **\$135,050,644**

**Exhibit C. August 2018 OEFA Estimated Annual  
Lodging Tax Revenue**

Year	Total Lodging Tax Revenue Forecast
2021	\$38,672,427
2022	\$40,136,407
2023	\$41,086,798
2024	\$42,305,738
2025	\$43,318,324
2026	\$45,316,564
2027	\$46,800,865
2028	\$48,485,696
2029	\$50,231,181
2030	\$52,039,504
2031	\$53,912,926
2032	\$55,853,791
2033	\$57,864,528
2034	\$59,947,651
2035	\$62,105,766
2036	\$64,341,574
2037	\$66,657,870
2038	\$69,057,554
2039	\$71,543,626
2040	\$74,119,196
2041	\$76,787,487
2042	\$79,551,837
2043	\$82,415,703
<b>TOTAL</b>	<b>\$1,322,553,012</b>

[Blank Page]

September 17, 2018

**1A**  
**to S1**

PFD to Tourism

Sponsor: Kohl-Welles, Dembowski, Gossett,  
Upthegrove

[JMM]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 4, after line 87 insert

4 "18. Subject to voter authorization, the PFD may levy a property tax  
5 under RCW 36.100.050, the proceeds of which may be used to operate or  
6 make capital improvements to the ballpark. With voter approval, the PFD  
7 may impose a sales tax under RCW 82.14.048, the proceeds of which may  
8 be used to operate, maintain and repair the ballpark.

9 19. Visit Seattle is a private, nonprofit marketing organization serving as  
10 Seattle and King County's official destination marketing organization for  
11 more than fifty years.

12 20. Seattle Southside Regional Tourism Authority (Seattle Southside) is  
13 the destination marketing organization for the cities of SeaTac, Des  
14 Moines and Tukwila."

15 21. Markets that have vendors of goods, wares and services that cater to  
16 an international clientele have the effect of attracting tourists to those

*Okw →*  
*A-S*  
*CB*  
*PK*  
*MR*  
*JMM*

17 markets, for example the Pike Place Market or Seattle's International  
18 District."

19

20 On page 5, on line 110, strike everything after "b." through line 124 and insert "after  
21 allocating sufficient lodging tax revenues to satisfy the debt service of subsection A.3.a.  
22 of this section, the remaining amount of lodging tax revenues under subsection A.3 of  
23 this section, shall be allocated or transferred as follows:

24 (1) transfer of eight and one half of one percent to the Washington State  
25 Major League Baseball Stadium Public Facilities District ("the PFD") for twenty-three  
26 years to be used for capital improvements to the existing infrastructure at Safeco Field  
27 ("the ballpark");

28 (2) transfer of twelve percent to Seattle Southside from 2021 to 2043. It is  
29 the intent of the council that Seattle South Side will use up to twelve million dollars of  
30 this allocation to support a nonprofit corporation formed to create an international market  
31 in south King County that is home to businesses owned or operated by recent immigrants  
32 and people from recently displaced communities;

33 (3) transfer of twenty-five and one half percent to Visit Seattle from 2021 to  
34 2043. It is the intent of the council that Visit Seattle will use up to five percent of this  
35 allocation to promote food and wine tourism in the county;

36 (4) transfer of eight tenths percent to the Kent Special Events Center Public  
37 Facilities District from 2021 to 2043 to support capital maintenance of the accesso  
38 ShoWare Center facility; and

39 (5) transfer thirteen and one half percent to the department of community  
40 and human services for services for homeless youth; and

41 c. after allocating sufficient lodging tax revenues to satisfy the debt service of  
42 subsection A.3.a. of this section and the transfers of lodging tax revenues in accordance  
43 with subsection A.3.b. of this section, all remaining lodging tax revenues under  
44 subsection A.3 of this section shall be allocated to the department of community and  
45 human services to support transit oriented development projects that preserve or develop  
46 affordable workforce housing."

47

48 On Attachment A. Funding Agreement Between King County and the Washington State  
49 Major League Baseball Stadium Public Facilities District, dated September 17, 2018, on  
50 page 2, beginning on line 55 after "pursuant to the following formula:" strike "forty three  
51 and eight tenths of one percent (43.8%)" and insert "eight and one half percent (8.5%)"

52

53 **EFFECT: *The amendment would make the following changes:***

- 54 • *Adds a statement of fact identifying the PFD's taxing authorities;*
- 55 • *Reduces lodging tax allocations to the PFD from 43.8% to 8.5%. (Reduction of*  
56 *\$109 million);*
- 57 • *Increases lodging tax allocations to tourism promotion from \$8 million over*  
58 *eight years to \$115 million. Lodging taxes for tourism promotion are split:*
  - 59 ○ *\$37 million to Seattle Southside with up to \$12 million to support an*  
60 *international market; and*

61                   ○ *\$78.6 million to Visit Seattle with 5% of this allocation going to food and*  
 62                   *wine tourism promotion;*

63                   ● *Directs \$2.3 million to the Showare Center; and*

64                   ● *Directs \$41.6 million to services for homeless youth.*

65

66 *A financial snapshot of the total allocation from 2021 to 2043 is shown below:*

<b>Arts, Culture &amp; Heritage</b>	<b>Affordable Workforce Housing Near Transit and Homeless Youth Prevention</b>	<b>Remainder</b>
<p style="text-align: center;"><b>37.5%</b></p> <ul style="list-style-type: none"> <li>● 4Culture – \$496 million</li> </ul>	<p style="text-align: center;"><b>37.5%</b></p> <ul style="list-style-type: none"> <li>● TOD Bond Allocation Plan – \$116 million (Debt Service for \$87 million of bond proceeds)</li> <li>● Unallocated -- \$380 million</li> </ul>	<p style="text-align: center;"><b>25%</b></p> <ul style="list-style-type: none"> <li>● Building for Culture Program Debt Service – \$22.3 million</li> <li>● PFD – \$26.2 million</li> <li>● Kent Special Events Center PFD – \$2.3 million</li> <li>● Seattle Southside RTA – \$37 million</li> <li>● Visit Seattle – \$78.6 million</li> <li>● Services for homeless youth -- \$41.6 million</li> <li>● Workforce housing -- \$122.5 million</li> </ul>
<b>TOTAL: \$496 million</b>	<b>TOTAL: \$496 million</b>	<b>TOTAL: \$331 million</b>

67

September 17, 2018

**1B**  
**to S1**

[jmm]

Sponsor: Lambert

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 4, after line 87, insert

4 "18. Visit Seattle is a private, nonprofit marketing organization serving as  
5 Seattle and King County's official destination marketing organization for  
6 more than fifty years.

7 19. Seattle Southside Regional Tourism Authority (Seattle Southside) is  
8 the destination marketing organization for the cities of SeaTac, Des  
9 Moines and Tukwila.

10 20. Savor Snoqualmie is an effort coordinate by the Mountain to Sounds  
11 Greenway Trust that works to promote tourism in the Snoqualmie Valley."

12 Renumber any remaining subsections consecutively and correct any internal references  
13 accordingly.

14

15 On page 5, on line 110, strike everything after "b." through line 124 and insert "after  
16 allocating sufficient lodging tax revenues to satisfy the debt service of subsection A.3.a.

KL →  
WD

17 of this section, the remaining amount of lodging tax revenues under subsection A.3. of  
18 this section, shall be allocated or transferred as follows:

19 (1) transfer of forty-three and eight tenths of one percent to the Washington  
20 State Major League Baseball Stadium Public Facilities District ("the PFD") for twenty-  
21 three years to be used for capital improvements to the existing infrastructure at Safeco  
22 Field ("the ballpark");

23 (2) transfer of twenty-five and five tenths percent to Visit Seattle from 2021  
24 to 2043. It is the intent of the council that Visit Seattle will use twenty-five thousand  
25 dollars a year to support Savor Snoqualmie's tourism promotion efforts;

26 (3) transfer of three hundred and eighty-four thousand dollars a year to Kent  
27 Special Events Center Public Facilities District from 2021 to 2026 to support capital  
28 maintenance of the accesso ShoWare Center facility; and

29 (4) transfer thirteen and one half percent to the department of community  
30 and human services for services for homeless youth; and

31 c. after allocating sufficient lodging tax revenues to satisfy the debt service of  
32 subsection A.3.a. of this section and the transfers of lodging tax revenues in accordance  
33 with subsection A.3.b. of this section, all remaining lodging tax revenues under  
34 subsection A.3 of this section shall be allocated to the department of community and  
35 human services to support transit oriented development projects that preserve or develop  
36 affordable workforce housing."

37

38 **EFFECT: *The amendment would make the following changes:***

39 • ***Increases lodging tax allocations to tourism promotion to \$115 million;***

- 40 • *Lodging taxes for tourism promotion are then split:*
- 41     ○ *\$37 million to Seattle Southside; and*
- 42     ○ *\$78.6 million to Visit Seattle;*
- 43 • *Directs \$2.3 million to the Showare Center;*
- 44 • *Directs \$575k to tourism promotion efforts in the Snoqualmie Valley; and*
- 45 • *Reduces funds reserved for housing and services for homeless youth to \$54.8*
- 46 *million.*

47 *A financial snapshot of the total allocation from 2021 to 2043 is shown below:*

<b>Arts, Culture &amp; Heritage</b>	<b>Affordable Workforce Housing Near Transit and Homeless Youth Prevention</b>	<b>Remainder</b>
<p style="text-align: center;"><b>37.5%</b></p> <ul style="list-style-type: none"> <li>• 4Culture – \$496 million</li> </ul>	<p style="text-align: center;"><b>37.5%</b></p> <ul style="list-style-type: none"> <li>• TOD Bond Allocation Plan – \$116 million (Debt Service for \$87 million of bond proceeds)</li> <li>• Unallocated – \$380 million</li> </ul>	<p style="text-align: center;"><b>25%</b></p> <ul style="list-style-type: none"> <li>• Building for Culture Program Debt Service – \$22.3 million</li> <li>• PFD – \$135 million</li> <li>• Kent Special Events Center PFD – \$2.3 million</li> <li>• Seattle Southside RTA – \$37 million</li> <li>• Visit Seattle – \$79 million</li> <li>• Affordable Workforce housing or services for homeless youth – \$54.7 million</li> <li>• Savor Snoqualmie – \$575k</li> </ul>
<b>TOTAL: \$496 million</b>	<b>TOTAL: \$496 million</b>	<b>TOTAL: \$331 million</b>

48

[Blank Page]

September 17, 2018



PFD to Tourism

Sponsor: Upthegrove

[JMM]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 4, after line 87 insert

4 "18. Visit Seattle is a private, nonprofit marketing organization serving as  
5 Seattle and King County's official destination marketing organization for  
6 more than fifty years.

7 19. Seattle Southside Regional Tourism Authority ("Seattle Southside") is  
8 the local public destination marketing organization for the cities of  
9 SeaTac, Des Moines and Tukwila.

10 20. Woodinville Wine Country is a Washington nonprofit corporation that  
11 works with local chambers of commerce and the Washington state wine  
12 commission to promote winery centered tourism.

13 21. Markets that have vendors of goods, wares and services that cater to  
14 an international clientele have the effect of attracting tourists to those  
15 markets, for example the Pike Place Market or Seattle's International  
16 District."

*failed*  
*RD*  
*DV WD*  
*4-4*  
*CB*  
*KL*  
*gms*  
*1-2-2-2*

17. Renumber any remaining subsections consecutively and correct any internal references  
18 accordingly.

19

20 On page 5 beginning on line 109, strike everything through line 124 and insert

21 "b. after allocating sufficient lodging tax revenues to satisfy the debt service of  
22 subsection A.3.a. of this section, the remaining amount of lodging tax revenues under  
23 subsection A.3 of this section, shall be allocated or transferred as follows:

24 (1) transfer of thirty-five and seven-tenths of one percent to the Washington  
25 State Major League Baseball Stadium Public Facilities District ("the PFD") for twenty-  
26 three years to be used for capital improvements to the existing infrastructure at Safeco  
27 Field ("the ballpark");

28 (2) reserve for allocation one million five-hundred thousand dollars to create  
29 an international market or to support other operations or capital programs that promote  
30 tourism or attract tourists to displaced small business owners in SeaTac and Tukwila;

31 (3) transfer one million dollars to Seattle Southside each year, from 2021  
32 through 2043; and

33 (4) transfer two million one-hundred fifty thousand dollars to Visit Seattle  
34 each year, from 2021 through 2043. It is the intent of the council that Visit Seattle will  
35 use ten percent of these annual transfers to support tourism promotion efforts of  
36 Woodinville Wine Country; and

37 c. after allocating sufficient lodging tax revenues to satisfy the debt service of  
38 subsection A.3.a. of this section and the transfers of lodging tax revenues in accordance  
39 with subsection A.3.b. of this section, all remaining lodging tax revenues under

40 subsection A.3 of this section shall be allocated to the department of community and  
41 human services to support transit oriented development projects that preserve or develop  
42 affordable workforce housing and for services for homeless youth."

43

44 On Attachment A. Funding Agreement Between King County and the Washington State  
45 Major League Baseball Stadium Public Facilities District, dated September 17, 2018, on  
46 page 2, on line 55 after "the following formula:" strike "forty three and eight tenths of one  
47 percent (43.8%)" and insert "thirty five and seven tenths of one percent (35.7%)"

48

49 **EFFECT:** *The amendment would make the following changes:*

- 50 • *Reduces lodging tax allocations to the PFD from 43.8% to 35.7% (Reduction of*  
51 *\$25 million over 23 years) and makes that same change to Attachment A;*
- 52 • *Increases lodging tax allocations to tourism promotion from \$8 million over*  
53 *eight years to \$33 million over ten years;*
- 54 • *Reserve \$1.5 million of tourism promotion allocation to support an*  
55 *international market in south king county; and*
- 56 • *Allocates the tourism promotion allocations as follows: \$2.15 million per year*  
57 *for ten years to Visit Seattle with 5% of the allocation directed to Woodinville*  
58 *Wine Country; and \$1 million a year for ten years to Seattle Southside.*

[Blank Page]

September 17, 2018

**1E**  
**to S1**

Multicultural Markets

[JMM]

Sponsor: Balducci

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 4, after line 87, insert "18. Multicultural markets that have vendors of goods,  
4 wares or services have the effect of attracting tourists to those markets and promoting  
5 tourism to the county."

6 Renumber any remaining subsections consecutively and correct any internal references  
7 accordingly.

8

9 On page 7 beginning on line 141, after "in collaboration to set up a" strike everything  
10 through line 142 and insert "fund that will support capital and operating programs that  
11 promote tourism and attract tourists to all parts of the county. It is the intent of the  
12 council that multicultural markets be eligible to receive moneys from that tourism fund,  
13 particularly if the market's vendors are from communities that have recently been  
14 displaced or are at risk of displacement."

15

16 **EFFECT: *The amendment would make the following change:***

CB →  
9-0

- 17       • *States that supporting multicultural markets in King County should be an*  
18       *eligible use of the fund set up to promote tourism and attract tourists.*

September 17, 2018

**2**  
to S1

[JMM]

Sponsor: Lambert

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**  
2 **2018-0374, VERSION 2**

3 On page 4, after line 87, insert "18. Savor Snoqualmie is an effort coordinate by the  
4 Mountain to Sounds Greenway Trust that works to promote tourism in the Snoqualmie  
5 Valley."

6 Renumber any remaining subsections consecutively and correct any internal references  
7 accordingly.

8

9 On page 6, on line 118, after "county" insert ". It is the intent of the council that from the  
10 reserve, twenty-five thousand dollars a year will be used to support Savor Snoqualmie's  
11 tourism promotion efforts"

12

13 **EFFECT: *The amendment would make the following change:***

- 14
  - *Directs \$575k to tourism promotion efforts of Savor Snoqualmie*

KL →  
6-3 RPD  
JKW  
DU ms

[Blank Page]

September 15, 2018

**3**  
to S1

Homeless Youth

Sponsor: Dembowski, Kohl-Welles

[ak]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**  
2 **2018-0374, VERSION 2**

3 On page 5, beginning on line 98 strike everything through line 101, and insert

4 "2. Thirty-four and nine-tenths of one percent to be allocated to the department  
5 of community and human services to support transit oriented development projects that  
6 preserve or develop affordable workforce housing or services for homeless youth in  
7 accordance with RCW 67.28.180(3)(d)(ii);

8 3. Two and six-tenths of one percent to be allocated to the department of  
9 community and human services to support services for homeless youth in accordance  
10 with RCW 67.28.180(3)(d)(ii); and"

11 Renumber the remaining subsections consecutively and correct any internal references  
12 accordingly.

13  
14 ***EFFECT: The amendment would dedicate \$1 million for the first year and the same***  
15 ***proportion in subsequent years of the allocation for TOD projects that preserve or***  
16 ***develop affordable workforce housing or services for homeless youth solely to homeless***

RD: →  
a-0

17 *youth. This would allocate \$34.4 million (2.6%) of the total lodging tax revenues for*  
18 *homeless youth.*

September 17, 2018

4  
to S1

PFD to Housing

Sponsor: Dembowski, Kohl-Welles

[ak]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 5, on line 110, after "subsection A.3.a. of this section, transfer of" strike "forty-  
4 three and eight-tenths" and insert "twenty-nine and five-tenths"

5

6 On Attachment A. Funding Agreement Between King County and the Washington State  
7 Major League Baseball Stadium Public Facilities District, dated September 17, 2018, on  
8 page 2, line 55 after "to the following formula:" strike "forty three and eight tenths of one  
9 percent (43.8%)" and insert "twenty nine and five tenths of one percent (29.5%)"

10

11 **EFFECT: *The amendment would reduce PFD's allocation by \$44 million (from \$135***  
12 ***million to \$91 million) to increase the allocation for TOD projects that preserve or***  
13 ***develop affordable workforce housing or services for homeless youth for the same***  
14 ***amount.***

filed  
ADI →  
4-5  
CS  
RD  
KL  
AvR  
JMcD mo

[Blank Page]

September 17, 2018

**5**  
to S1

Showare

Sponsor: Dunn

[jmm]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 6 after line 127 insert

4 "1. Two hundred thousand dollars be transferred each year to the Kent Special  
5 Events Center Public Facilities District to support capital maintenance at the accesso  
6 Showare Center facility until the total transferred amount equals two million dollars;"  
7 Renumber the remaining subsections consecutively and correct any internal referencs  
8 accordingly.

9

10 On page 6, on line 130, after "2." strike "Ten percent" and insert "After allocating  
11 sufficient lodging tax revenues to satisfy the requirements in subsection B.1. of this  
12 section, ten percent of the moneys remaining"

13

14 On page 6, on line 133, after "3." strike "Forty-two and one half percent" and insert  
15 "After allocating sufficient lodging tax revenues to satisfy the requirements in subsection  
16 B.1. of this section, forty-two and one half percent of the moneys remaining"

17

RD →  
A-0

18 One page 7, on line 135, after "4." strike "Ten percent" and insert "After allocating  
19 sufficient lodging tax revenues to satisfy the requirements in subsection B.1. of this  
20 section, ten percent of the moneys remaining"

21

22 **EFFECT: *The amendment would make the following change:***

- 23 • *Provides that each year, the first \$200,000 of any lodging tax revenue that*  
24 *exceeds the baseline revenue found in attachment C would be transferred to the*  
25 *Kent Special Events center until total transfer equal two million dollars.*

September 17, 2018

**6**  
**to S1**

Tourism Increase above excess

[jmm]

Sponsor: Kohl-Welles

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On page 6, line 132, after "youth;" insert "and"

4

5 On page 6, on line 133, after "3." strike "Forty-two and one half percent" and insert

6 "Fifty-two and one half percent"

7

8 On page 7, on line 134, after "visitors in all parts of the county" strike "; and

9 4. Ten percent to be transferred to the PFD until the year 2043 to be used for

10 capital improvements to the existing infrastructure at the ballpark"

11

12 ***EFFECT: The amendment would make the following changes:***

- 13 • *Increases percent of lodging tax revenues that exceed the August 18 OEFA*
- 14 *forecast allocated to tourism promotion from 42.5% to 52.5%; and*
- 15 • *Eliminates the allocation of lodging tax revenues that exceed the August 18*
- 16 *OEFA forecast to the PFD.*

*JKW → failed  
4-5 CB  
RD  
KL  
PvR  
Jmcd  
no*

[Blank Page]

September 17, 2018

**7**  
**to S1**

Profit Sharing Reports

Sponsor: Dembowski, Kohl-Welles

[JMM]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On Attachment A. Funding Agreement Between King County and the Washington State  
4 Major League Baseball Stadium Public Facilities District, dated September 17, 2018, on  
5 page 2, on line 52 after "executed" strike "both a lease consistent with the Term Sheet  
6 and" and insert ": (a) a lease consistent with the Term Sheet that contains a lease term  
7 that requires the Club to continue to report its Net Income and Cumulative Net Loss for  
8 each fiscal year as calculated and delivered in a manner substantively similar to  
9 provisions in Article 5.2 of the Ballpark Operations and Lease Agreement between the  
10 Club and the District dated December 23, 1996; and (b)"

11

12 On Attachment A. Funding Agreement Between King County and the Washington State  
13 Major League Baseball Stadium Public Facilities District, dated September 17, 2018, on  
14 page 2, on line 54 after "Baseball team for the term of the Lease," insert "then"

15

16 ***EFFECT: Adds a provision to the Funding Agreement to make execution of the***  
17 ***agreement dependent on the Club executing a lease that contain a requirement the***

*filed*  
*RD →*  
*A-5*  
*CB*  
*RD*  
*KL*  
*RVR*  
*JMM*  
*no!*

- 18 *Club continues to report net income to the District as it has under the current lease*  
19 *between the Club and the District.*

September 17, 2018

**8**  
**to S1**

Naming Rights Refund

Sponsor: Dembowski, Kohl-Welles

[ak]

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On Attachment A. Funding Agreement Between King County and the Washington State  
4 Major League Baseball Stadium Public Facilities District, dated September 17, 2018, on  
5 page 2 after line 86 insert

6 "The County's obligation to make such transfers of lodging tax proceeds shall continue  
7 for twenty-three years; provided, if in the sale of the naming rights of the ballpark, the  
8 value of consideration (monetary or in kind) received by the Club ("Naming Price")  
9 exceeds fifty million dollars, the County may reduce either the amounts to be transferred  
10 or the number of years in which the County may make the transfers, or both, so that the  
11 total of lodging tax proceeds transferred to the District under this Section 1 would be  
12 reduced by the total of fifty percent of the Naming Price less fifty million dollars."  
13

14 **EFFECT: *The amendment would make the following changes to the Funding***

15 ***Agreement with the PFD (Attachment A):***

*failed*  
RD: →  
4-5 CB  
RD  
KL  
PVR  
JMC

- 16       • *If the naming rights sold is greater than \$50 million, then reduce the lodging*  
17       *tax proceeds to the PFD by 50% of the total value of the naming rights less \$50*  
18       *million.*

September 17, 2018

**9**  
**to S1**

[ak]

Sponsor: McDermott

Proposed No.: 2018-0374

1 **AMENDMENT TO STRIKING AMENDMENT S1 TO PROPOSED ORDINANCE**

2 **2018-0374, VERSION 2**

3 On Attachment A. Funding Agreement Between King County and the Washington State  
4 Major League Baseball Stadium Public Facilities District, dated September 17, 2018,  
5 starting on page 2, strike everything starting on line 88 through page 3, line 99 and insert  
6 "The County's obligation to make such transfers of lodging tax proceeds is contingent  
7 upon the District and the Club executing an agreement, before or at the same time that the  
8 Lease is executed, that contains requirements sufficient to prevent labor disputes that  
9 would impose costs and burdens upon the County, including but not limited to the  
10 likelihood of boycotts or strikes affecting the Ballpark's operations and visitor spending."

11

12 ***EFFECT: Modifies Attachment A. Funding Agreement labor language.***

CB →  
A-0

[Blank Page]



**KING COUNTY**

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

**Signature Report**

**September 11, 2018**

**Ordinance**

**Proposed No. 2018-0374.2**

**Sponsors von Reichbauer and McDermott**

1 AN ORDINANCE authorizing a new funding agreement  
2 and amendment to the existing financing agreement with  
3 the Washington State Major League Baseball Stadium  
4 Public Facilities District.

5 STATEMENT OF FACTS:

- 6 1. Rapid population growth in King County will necessitate building  
7 affordable and market rate housing near improved public transportation  
8 options.
- 9 2. The King County council, by passing Motion 14687, acknowledged  
10 receipt of the Transit Oriented Development Bond Allocation Plan, in  
11 2016, the goal of financing up to eighty-seven million dollars of housing  
12 projects.
- 13 3. As authorized by the state Legislature through RCW 67.28.180,  
14 beginning in 2021, at least thirty-seven and one-half percent of the lodging  
15 taxes generated every year in King County may be used to support  
16 affordable workforce housing within one-half mile of a transit station and  
17 to provide services for homeless youth.
- 18 4. Equally important are: the building of new gathering places, sites  
19 where our diverse histories can be interpreted and shared and public

20 cultural spaces; and the preservation of historic structures that create  
21 community identity, encourage strong social connections and further  
22 opportunity for entertainment, education and interactions. Civic  
23 institutions, such as history and art museums, public galleries, community  
24 cultural organizations, performing art centers and historic structures, play  
25 a central role in our economy and benefit local businesses, residents and  
26 tourists.

27 5. Arts, culture and heritage make this region an attractive place for new  
28 businesses that bring with them new jobs, as arts and heritage businesses  
29 and add two billion dollars in business activity, eight hundred eighty-two  
30 million dollars in payroll and thirty-two thousand five hundred jobs to the  
31 central Puget Sound region,

32 6. As authorized by the state Legislature through RCW 67.28.180,  
33 beginning in 2021, at least thirty-seven and one-half percent of the lodging  
34 taxes generated every year in King County may be used to support art  
35 museums, cultural museums, heritage museums, the arts and the  
36 performing arts.

37 7. The Washington State Major League Baseball Stadium Public  
38 Facilities District ("the PFD") operates the publicly owned Safeco Field  
39 ("the ballpark").

40 8. The ballpark is a gathering place providing an array of public benefits  
41 and employs over two thousand full and part time employees, in addition  
42 to being a venue for the Seattle Mariners.

43 9. The Seattle Mariners draw nearly three million fans to the ballpark  
44 every year. Attendance at Seattle Mariners games between 2012 and 2017  
45 exceeded twelve million one hundred thousand, with many coming from  
46 out of state and supporting the local tourism industry. More than forty-  
47 five million people have attended baseball games since the ballpark  
48 opened.

49 10. As authorized by the state Legislature through RCW 67.28.180,  
50 beginning in 2021 at most twenty-five percent of the lodging taxes  
51 generated every year in King County may be used to support promote  
52 tourism-and attract tourists to the county.

53 11. In 2015, the county council adopted Motion 14406, and the county  
54 effectuated through Ordinances 18179, 1880 and 18181, to establish the  
55 Building for Culture Program, which issued twenty-nine million dollars of  
56 bonds to fund capital projects that support arts, culture and heritage in the  
57 county and commit lodging tax revenue that will become available  
58 beginning in 2021 to debt service payment of these bonds.

59 12. Since 1967, the King County lodging tax has been used to finance the  
60 construction of two professional sports stadiums and an exhibition center.

61 13. The PFD and the Baseball Club have entered into a nonbinding term  
62 sheet, dated May 23, 2018, wherein the Baseball Club has agreed to lease  
63 the ballpark for an initial term of twenty-five years starting in 2019 and to  
64 assume obligations, including financial responsibilities for the operation,  
65 maintenance and capital improvements to the ballpark in exchange for the

66 PFD assuming obligations, including financial responsibilities related to  
67 capital improvements to the ballpark's existing infrastructure.

68 14. In the next twenty years, the ballpark is expected to generate forty-six  
69 million dollars for local jurisdictions and one hundred forty million dollars  
70 for Washington state.

71 15. Under the terms of the proposed funding agreement that is the subject  
72 of this ordinance, the county would transfer a portion of future lodging tax  
73 revenues starting in 2021, to be coterminous with the PFD leasing the  
74 ballpark to the Baseball Club. The transferred tax revenues may only be  
75 used for capital improvements to the existing infrastructure of the  
76 ballpark. The agreement does not authorize public funding on upgrades to  
77 the ballpark, such as suites or so-called Club spaces. The agreement  
78 further requires that all modernization upgrades, as well as all operation  
79 and maintenance expenses to be paid for by the Mariners during the lease  
80 term and any extensions.

81 16. A continued investment in the publicly owned ballpark is necessary to  
82 ensure that it remain a source of wholesome, family-centered  
83 entertainment and provide a sense of enhanced civic pride as well as a  
84 positive impact on the local and regional economy.

85 17. The ballpark promotes tourism and attracts tourists to the county, with  
86 approximately forty-five percent of fans coming from locations outside of  
87 King County.

88 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

89            **SECTION 1. Findings:**

90            A. Beginning in 2021, King County intends to allocate baseline lodging tax  
91 revenues for the following programs and to the following organizations according to the  
92 estimated revenues established using the August 2018 Office of Economic and Financial  
93 Analysis forecast found in Attachment C to this ordinance:

94            1. Thirty-seven and one half percent to be transferred to the cultural development  
95 authority of King County ("4Culture") to support art museums, cultural museums,  
96 heritage museums, the arts and the performing arts;

97            2. Thirty-seven and one half percent to be allocated to the department of  
98 community and human services to support transit oriented development including  
99 projects that preserve or develop workforce housing and ongoing services; and

100           3. Twenty-five percent to be allocated by the county for the following purposes  
101 that promote tourism and attract tourists to the county or support transit oriented  
102 development including projects that preserve or develop workforce housing and ongoing  
103 services or projects that support homeless youth:

104           a. debt service on the original Building for Culture Program bonds, in  
105 accordance with the county's contractual obligation as set forth in the agreement for  
106 implementation of the building for culture program between the county and 4Culture;

107           b. after allocating sufficient lodging tax revenues to satisfy the debt service of  
108 subsection A.3.a. of this section, transfer of forty-three and eight-tenths of one percent of  
109 the remaining amount to the Washington State Major League Baseball Stadium Public  
110 Facilities District ("the PFD") for twenty-three years to be used for capital improvements  
111 to the existing infrastructure at Safeco Field ("the ballpark");

112 c. after allocating sufficient lodging tax revenues to satisfy the debt service  
113 under of subsection A.3.a. of this section and the transfer of lodging tax revenues to the  
114 PFD under subsection A.3.b. of this section, reserve one million dollars each year from  
115 2021 to 2029 to promote tourism and attract tourists in all parts of the county; and

116 d. after allocating sufficient lodging tax revenues to satisfy the debt service of  
117 subsection A.3.a. of this section, the transfer of lodging tax revenues to the PFD under  
118 subsection A.3.b. of this section and reserving the revenue in as described in subsection  
119 A.3.c. of this subsection, all remaining funds shall be allocated to the department of  
120 community and human services to support transit oriented development including  
121 projects that preserve or develop workforce housing and ongoing services or projects that  
122 support homeless youth;

123 B. It is the intent of the council to allocate any lodging tax revenues that exceed  
124 baseline revenues found in Attachment C of this ordinance for the following programs  
125 and organizations:

126 1. Thirty-seven and one half percent to be transferred to the cultural  
127 development authority of King County ("4Culture") to support art museums, cultural  
128 museums, heritage museums, the arts and performing arts;

129 2. Ten percent to be allocated to the department of community and human  
130 services to support transit oriented development including projects that preserve or  
131 develop workforce housing and ongoing services or projects that support homeless youth;

132 3. Forty-two and one half percent to be reserved to promote tourism and  
133 encourage visitors in all parts of the county; and

134 4. Ten percent to be transferred to the PFD until the year 2043 to be used for

135 capital improvements to the existing infrastructure at Safeco Field ("the ballpark").

136 C. It is the intent of the council to request the executive to issue \$100 million of  
137 bonds to support transit oriented development including projects that preserve or develop  
138 workforce housing and ongoing services as soon as possible.

139 D. It is the intent of the council, in consultation with the executive, to engage  
140 county visitor and tourism organizations to work in collaboration to set up a tourism  
141 promotion fund in order to encourage visitors in all parts of the county.

142 E. It is the intent of the council to request the executive develop a countywide  
143 strategic arts, heritage, historic preservation, and culture plan for the allocation of the  
144 lodging tax revenues described in in subsection A.1. of this section. It is the intent of the  
145 council to request that the proposed strategic plan be forwarded to the council by  
146 December 31, 2019, in order to inform the budget process for the 2021 - 2022 budget.

147 F. It is the intent of the council to request the executive to develop and transmit  
148 legislation to support the identified allocations as described in subsection A.3.c. of this  
149 section including appropriation requests.

150 G. It is the intent of the council to request the executive develop an expenditure  
151 plan for the lodging tax revenues allocated under subsection A.2, of this section not  
152 already programed in the 2016 Transit Oriented Bond Allocation Plan, receipt of which  
153 the council acknowledged by passing Motion 14687. The expenditure plan should at a  
154 minimum support the recommendations of the Regional Affordable Housing Task Force  
155 and describe how the lodging tax revenues allocated under subsection A.2. of this section  
156 will be used across the county in an equitable manner. It is the intent of the council to  
157 request that the expenditure plan be forwarded to the council by February 28, 2019.

158            SECTION 2. To effectuate the council's intent as set forth in section 1 of this  
159 ordinance, and conditioned on the PFD and the Baseball Club of Seattle L.L.L.P. entering  
160 into both a lease substantially in compliance with the May 23, 2018 Lease Renewal Term  
161 Sheet ("Lease") and a nonrelocation agreement that obligates the Club and any successor-in-  
162 interest to retain the ballpark as a home venue of a Major League Baseball team for the term  
163 of the Lease, King County shall transfer applicable lodging tax revenues to the PFD,  
164 starting in 2021, in an amount in accordance with section 1.A.3.b. of this ordinance and  
165 the provisions of the funding agreement attached as Attachment A to this ordinance, for a  
166 period not to exceed twenty-three years. The transferred tax revenues shall be used for  
167 capital improvements to the existing infrastructure of the ballpark.

168            SECTION 3. The executive is hereby authorized to execute the funding  
169 agreement with the PFD substantially in the form of Attachment A to this ordinance.

170            SECTION 4. The executive is hereby authorized to execute the sixth amendment

171 to the 1996 financing agreement with the PFD substantially in the form of Attachment B  
172 to this ordinance.  
173

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

---

J. Joseph McDermott, Chair

ATTEST:

---

Melani Pedroza, Clerk of the Council

APPROVED this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

---

Dow Constantine, County Executive

**Attachments:** A. Funding Agreement Between King County and the Washington State Major League Baseball Stadium Public Facilities District, dated September 1, 2018, B. Amendment No. 6 to Agreement, dated September 1, 2018, C. 2018 August OEFA Estimated Annual Lodging Tax Revenue

[Blank Page]



AGREEMENT

**Section 1. Provision of Funds by the County.**

Pursuant to the terms and conditions forth in this Agreement, if the District and the Club have executed both a lease consistent with the Term Sheet and a nonrelocation agreement that obligates the Club and any successor-in-interest to retain the ballpark as a home venue of a Major League Baseball team for the term of the Lease, the County agrees that it will annually transfer County lodging tax proceeds to the District in amounts representing forty three and eight tenths of one percent of the share of County lodging tax proceeds available pursuant to RCW 67.28.180(3)(d)(iii) provide however, no annual transfer may exceed the amount for that year as set forth in Exhibit B ("Estimated Annual Transfers") that is remaining after such share is reduced each year by the amounts provided in Exhibit A ("Annual Reductions"). Such annual transfers are estimated to be in the amounts set forth in Exhibit B ("Estimated Annual Transfers") hereto; however, if lodging tax revenues exceed the forecasted Total Lodging Tax Revenues (set forth in Exhibit C ("August 2018 OEFA Estimated Annual Lodging Tax Revenue")) in any given year, then the County agrees to transfer to the District ten percent of the amount of revenue that exceeds the forecasted Total Lodging Tax Revenues for that year. Such transfers shall commence in calendar year 2021 after final payment or defeasance of the CenturyLink Field and Exhibition Center bonds and continue at a comparable share of County lodging tax proceeds for the remainder of the initial term of the Lease. The County will make such transfers on a quarterly basis in arrears, unless the Parties approve by separate agreement the transfer of advances of amounts against which subsequent lodging tax proceeds will be credited.

By executing this Agreement, the District agrees that the provision of funds contemplated by this Section 1 is acceptable.

The County's obligation to make such transfers of lodging tax proceeds shall continue for twenty-three years; provided, that the County may cease to make such transfers in the event that: (1) the Ballpark is no longer used as the home venue for a Major League Baseball team and the County finds, after good faith consultation with the District, that continued investment in the Ballpark is neither necessary nor useful to attract a new team to the region; or (2) the use of the Ballpark is terminated or interrupted due to a catastrophic event and the County finds, after good faith consultation with the District, that continued transfers are not necessary unless and until plans for its replacement and/or continued use as a venue for Major League Baseball have been approved by the District and the County. The District shall provide notice to the County if events have occurred which could give rise to such cessation of transfers.

The County's obligation to make such transfers of lodging tax receipts is contingent upon the District and the Club executing an agreement, before or at the same time that the Lease is executed that substantially complies with the following provisions:

1. The Club agrees to remain neutral in response to any employee organizing campaign. The Club agrees to not take any action or make any statement showing preference for or opposition to employee organizing.

2. If the requisite number of employees indicate they wish to be represented, the Club agrees to recognize the union for the purposes of collective bargaining.

93 3. The Club agrees to provide reasonable, limited access to the Ballpark or the Club's  
94 leased premises and employees to unions representing or seeking to represent its employees  
95 consistent with the standards established by the National Labor Review Board.

96 4. The Club agrees to require contractors and sub-contractors to meet the above terms.  
97

98 **Section 2. Expenditure of Funds.**  
99

100 The District shall use, or cause to be used, the funds transferred by the County in accordance with  
101 Section 1 solely to provide a portion of the funding, in addition to the other available funds  
102 identified in the Lease, for capital improvements to the existing infrastructure of the Ballpark  
103 including replacements and major repairs as determined by the District in a manner consistent with  
104 the Lease and RCW 67.28.180. Such existing infrastructure includes basic building systems, such  
105 as plumbing, electrical and HVAC, as well as building structural elements and essential building  
106 components, such as the retractable roof and its support system and other uses related to the basic  
107 functioning of the Ballpark, but does not include expenditures related to baseball operations or  
108 facility upgrades with direct revenue generation potential, such as suites, restaurants, or so-called  
109 Club spaces. Funds transferred by the County under this Agreement shall not be used for operation  
110 or maintenance of the Ballpark.  
111

112 The District shall retain the County lodging tax proceeds transferred from the County separate and  
113 apart from other funds in its possession and shall not comingle such amounts with other funds of  
114 the District. The amounts received pursuant to this Agreement shall be deposited in and accounted  
115 for in a separate fund of the District (and not the Capital Expenditure Fund of the District  
116 established under the Lease). County lodging tax proceeds must be applied only to eligible capital  
117 improvements, including major repairs and replacements and improvements identified in the  
118 annual Management Plans ("Plan" or "Plans") developed by the Club and approved by the District  
119 as provided in the Lease. Such Plans shall specifically identify expenditures for which County  
120 lodging tax proceeds may be used consistent with the requirements of this Agreement and  
121 RCW 67.28.180.  
122

123 Annually and prior to allocating County lodging tax proceeds for any Ballpark improvements, the  
124 District shall inform the County of any proposed improvements in the current Plan for which it has  
125 determined it may apply County lodging tax proceeds consistent with the requirements of this  
126 Agreement. The District also shall annually report to the County on its application of County  
127 lodging tax proceeds as reflected in the Plans and as previously reported to the County. Such  
128 reports shall include information regarding the status of the work funded in whole or in part by  
129 County lodging tax proceeds.  
130

131 **Section 3. Amendments.**  
132

133 The Agreement may be amended at any time. To be effective, the amendment must be in writing  
134 and signed by the District's Board Chair and the King County Executive or their designees;  
135 provided however, before the Executive may sign any amendment purporting to either change the  
136 duration of this Agreement or change the amount of lodging tax revenues to be transferred to the  
137 District, the proposed amendment shall first be transmitted to the King County Council. The  
138 Council shall have thirty days, from the date the Executive transmits the amendment to the clerk  
139 of the Council ("review period"), to review the proposed amendment; and unless the Council  
140 passes a motion objecting to the amendment within that review period, at the conclusion of the  
141 review period, the Executive may sign the amendment.  
142

143 **Section 4. Entire Agreement.**  
144

145 This Agreement is the complete expression of the terms hereto and any oral representations or  
146 understandings not incorporated here are excluded.  
147

148 **Section 5. Administration.**  
149

150 All tasks and services undertaken pursuant to this Agreement shall be administered on behalf of  
151 the County by its Budget Director, who will represent the County in administering tasks covered  
152 by the Agreement, and on behalf of the District by the District Executive Director who will  
153 represent the District in administering tasks covered by the Agreement.  
154

155 Any problem that cannot be resolved by the County's Budget Director and the District's Executive  
156 Director shall be referred to the Chair of the District Board and the County Executive, who may  
157 resolve the issue with or without using the dispute resolution provisions of Section 7 of this  
158 Agreement.  
159

160 **Section 6. Establishment and Maintenance of Records.**  
161

162 Each Party shall maintain records which accurately reflect all actions taken pursuant to this  
163 Agreement.  
164

165 **Section 7. Dispute Resolution.**  
166

167 The Parties shall use good faith efforts to resolve all claims, disputes and other matters in question  
168 between the Parties arising out of or relating to this Agreement, through nonbinding arbitration or  
169 mediation. If the Parties cannot resolve their dispute pursuant to nonbinding arbitration or  
170 mediation as aforementioned, jurisdiction and venue for resolving any dispute arising out of or in  
171 in connection with this Agreement shall be in the Superior Court for the State of Washington in  
172 King County.  
173

174 **Section 8. Assignment.**  
175

176 Neither Party shall assign this Agreement without the written consent of the other. This Agreement  
177 shall inure to the benefit of and be binding upon the Parties hereto and their successors and  
178 permitted assigns.  
179

180 **Section 9. Governing Law.**  
181

182 This Agreement shall be governed, and construed in accordance with the laws of the State of  
183 Washington, without giving effect to any choice of law or conflict of law provision or rule (whether  
184 of the State of Washington or any other jurisdictions) that would cause for the application of the  
185 laws of any jurisdictions other than the State of Washington.  
186

187 **Section 10. Severability.**  
188

189 If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable,  
190 the remaining terms and provisions unaffected thereby shall remain in full force and effect.  
191

192 **Section 11. Third Party Beneficiaries.**  
193

194 This Agreement is solely for the benefit of the District and the County, and no other person may  
195 acquire or have any right hereunder by virtue hereof.  
196

197 **Section 12. Indemnification.**  
198

199 The District shall indemnify, defend and hold the County, its officers, officials, agents and  
200 employees harmless from and against any and all suits, actions, losses, liabilities, claims, agency  
201 findings, orders or requirements, penalties, expenses (including reasonable attorney fees), and  
202 damages of whatsoever kind or nature (collectively "Claims") relating to, in connection with, or  
203 arising out of, directly or indirectly, the District's exercise of rights or privileges under this  
204 Agreement. The District's obligations under this section shall include: (a) indemnification for  
205 Claims regardless of negligence or fault of the County, the District or a third party; (b) the duty to  
206 promptly accept tender of defense and provide defense to the County at the District's expense; (c)  
207 indemnification of Claims made by District employees, agents or lessees; and (d) waiver of the  
208 District's immunity under the industrial insurance provisions of Title 51 RCW, which waiver has  
209 been mutually negotiated by the Parties.  
210

211 The District further agrees that it is financially responsible for and shall repay the County all  
212 indicated amounts following an audit exception that occurs due to the negligence, intentional act,  
213 and/or failure, for any reason, to comply with the terms of this Agreement by the District, its  
214 officers, employees, agents, and/or representatives.  
215

216 The District's obligations under this Section 12 shall survive any termination of this Agreement.  
217

218 **Section 13. Duration.**  
219

220 This Agreement shall terminate on December 31, 2043.

221

222 In witness whereof, the Parties hereto have accepted this Agreement.

223

224

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC  
FACILITIES DISTRICT

By \_\_\_\_\_  
Dow Constantine, County Executive

By \_\_\_\_\_  
Virginia Anderson, Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to form:

Approved as to form:

\_\_\_\_\_  
King County Prosecuting Attorney

\_\_\_\_\_  
Thomas Eli Backer, PFD Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

225

**EXHIBIT A**  
**ANNUAL REDUCTIONS**

<b>Year</b>	<b>Reduction Amounts</b>
2021	2,228,700
2022	2,229,300
2023	2,228,800
2024	2,229,050
2025	2,229,800
2026	2,230,800
2027	2,232,600
2028	2,231,000
2029	2,231,000
2030	2,232,400
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	
2042	
2043	
<b>TOTAL</b>	<b>22,303,450</b>

Exhibit A-1

**Exhibit B**  
**ESTIMATED ANNUAL TRANSFER TO**  
**DISTRICT (AUGUST 2018 OEFA FORECAST)**

Year	Transfer to District	
2021	\$	3,258,460
2022	\$	3,418,503
2023	\$	3,522,790
2024	\$	3,656,154
2025	\$	3,766,704
2026	\$	3,985,073
2027	\$	4,146,816
2028	\$	4,332,006
2029	\$	4,523,136
2030	\$	4,720,534
2031	\$	5,903,465
2032	\$	6,115,990
2033	\$	6,336,166
2034	\$	6,564,268
2035	\$	6,800,581
2036	\$	7,045,402
2037	\$	7,299,037
2038	\$	7,561,802
2039	\$	7,834,027
2040	\$	8,116,052
2041	\$	8,408,230
2042	\$	8,710,926
2043	\$	9,024,519

**TOTAL** **\$135,050,644**

**Exhibit C. August 2018 OEFA Estimated Annual  
Lodging Tax Revenue**

Year	Total Lodging Tax Revenue Forecast
2021	\$38,672,427
2022	\$40,136,407
2023	\$41,086,798
2024	\$42,305,738
2025	\$43,318,324
2026	\$45,316,564
2027	\$46,800,865
2028	\$48,485,696
2029	\$50,231,181
2030	\$52,039,504
2031	\$53,912,926
2032	\$55,853,791
2033	\$57,864,528
2034	\$59,947,651
2035	\$62,105,766
2036	\$64,341,574
2037	\$66,657,870
2038	\$69,057,554
2039	\$71,543,626
2040	\$74,119,196
2041	\$76,787,487
2042	\$79,551,837
2043	\$82,415,703
<b>TOTAL</b>	<b>\$1,322,553,012</b>

[Blank Page]

1                                   **AMENDMENT NO. 6 TO AGREEMENT**  
2                                   **BETWEEN KING COUNTY**  
3                                   **AND THE WASHINGTON STATE MAJOR LEAGUE**  
4                                   **BASEBALL STADIUM PUBLIC FACILITIES DISTRICT**  
5  
6

7           This Amendment No. 6 to the March 18, 1996 Financing Agreement (“Amendment No. 6”)   
8 by and between King County (the “County”) and the Washington State Major League Baseball   
9 Stadium Public Facilities District (the “PFD”), collectively referred to as the “Parties,” shall be   
10 effective upon the authorized signatures of the Parties.

11  
12                                   **STATEMENT OF FACTS**  
13

14           The County and the PFD entered into a Financing Agreement dated March 18, 1996   
15 (“Financing Agreement”) providing for County financial assistance and cooperation in certain   
16 aspects of the development of a Major League Baseball stadium in the City of Seattle (the   
17 “Ballpark”); and

18  
19           The Financing Agreement which remains in effect by its terms has been periodically   
20 amended by the Parties to more specifically address aspects of their cooperation and to provide   
21 further County assistance for the Ballpark project; and

22  
23           The County has determined to provide additional ongoing funding to the PFD from   
24 proceeds of its lodging tax for major capital infrastructure improvements to the Ballpark pursuant   
25 to a separate agreement between the Parties (the “Funding Agreement”); and

26  
27           The Parties wish to amend the Financing Agreement to provide for the County’s advance   
28 of funds authorized under the Funding Agreement and in accordance with the terms of this   
29 Amendment No. 6 upon the request of the PFD through, among other things, the County’s issuance   
30 of debt to which the lodging taxes will be pledged for repayment.

31  
32           NOW, THEREFORE, in consideration of the promises, covenants and considerations set   
33 forth herein, the County and the PFD hereby agree to amend the Financing Agreement to add a   
34 new Section 24, as follows:

35  
36   **24.   ADDITIONAL FUNDING FOR CAPITAL IMPROVEMENTS**  
37

38           24.1   The PFD may request that the County make advances to the PFD of amounts it is   
39 obligated to transfer to the PFD under the Funding Agreement for the purposes set forth in the   
40 Funding Agreement. Such request for an advance shall be in writing directed to the County’s   
41 Director of the County Finance and Business Operations Division or his or her functional successor   
42 (the “Director”) with such information as the Director may require, including the amount of the   
43 advance, the proposed date of such advance (which shall be no sooner than 240 days after the   
44 request) and the proposed use of such funds. Such advance shall be repaid to the County by   
45 crediting against the repayment obligation the lodging taxes to be transferred to the PFD under the

46 Funding Agreement. The County shall determine the term of such repayment based on its  
47 reasonable estimate of future lodging tax payments to the PFD under the Funding Agreement.  
48

49 24.2 The County shall only advance such funds in accordance with this Section 24. .  
50 The County shall credit against this advance the amount of lodging taxes that it would otherwise  
51 have transferred to the PFD under the Funding Agreement including an amount equal to interest  
52 on such advance until such advance, including interest thereon, is fully repaid.  
53

54 If the County borrows or otherwise issues debt to fund such advance pledging the lodging  
55 taxes to the repayment of such borrowing, then the interest rate to the PFD shall be the interest rate  
56 of such borrowing. It is assumed, but not required, that the County will apply such lodging taxes  
57 to the debt the County incurred. If the County does not borrow for such advance but makes such  
58 an advance from available funds of the County, the interest rate to the PFD shall be the interest  
59 rate reasonably determined by the County based on its projections of what it would have earned  
60 on such amounts if they had been held by the County and not advanced less the amount, if any,  
61 the County would have earned on lodging tax amounts during the periods that it would possess  
62 such amounts prior to their distribution to the PFD at the times set forth in the Funding Agreement.  
63

64 24.3 In the event the amount that would have been transferred to the PFD in accordance  
65 with the Funding Agreement exceeds the amount that is required to pay the amortized repayment  
66 of an advance hereunder including interest, then any excess shall be transferred to the PFD in  
67 accordance with the Funding Agreement. In the event the amount that would have been transferred  
68 to the PFD is less than the amount that is required to pay the amortized repayment of an advance  
69 including interest, then the unpaid repayment shall accrue and the amount shall be added to the  
70 unpaid portion of the original advance.  
71

72 24.4 Any obligation of the PFD under this Amendment to the Financing Agreement shall  
73 be satisfied exclusively from lodging taxes to be transferred to the PFD under the Funding  
74 Agreement.  
75

76 24.5 The PFD agrees to deposit the proceeds of any advance in a separate fund (the  
77 "Advance Fund") and not comingle such proceeds with other amounts held by or on behalf of the  
78 PFD. The PFD will use the amounts in the Advance Fund in accordance with the Funding  
79 Agreement to provide funding for major basic infrastructure improvements to the Ballpark and  
80 report to the County on an annual basis with regard to the use of such amounts on deposit in the  
81 Advance Fund. As PFD Treasurer, the County will invest amounts in the Advance Fund and any  
82 earnings thereon on deposit in such fund.  
83

84 24.6 In the event the County were to terminate its obligation to make payments to the  
85 PFD from lodging taxes in accordance with the Funding Agreement, such termination shall not  
86 apply to amounts required to repay advances made by the County hereunder, including interest  
87 thereon, which otherwise would be credited against any PFD repayment obligation incurred  
88 hereunder until fully repaid.  
89

90 24.7 The PFD acknowledges that a request to advance funds will require King County  
91 Council ("Council") review and approval of requests for advances of funds. Upon receipt from

92 the PFD of its request for an advance of funds, the Director shall review the PFD request and  
93 determine if it is reasonable, complies with the County's financial and debt management policies,  
94 and if the advance of funds is made, that it will not adversely affect the County's bond rating. The  
95 determination shall also identify the proposed mechanism (e.g. bonds, interfund borrowing) by  
96 which funds would be advanced to the PFD.  
97

98 The Director shall transmit his or her determination to the clerk of the Council. The  
99 Council shall then have forty-five days from the date the clerk receives the determination to review  
100 the determination ("review period"); and unless the Council passes a motion objecting to advance  
101 of funds within that review period, at the conclusion of the review period, the Director may proceed  
102 with making the advance of funds in accordance with the provisions of this Amendment No. 6.  
103 Notwithstanding the foregoing, the final decision to issue bonds shall be within the sole discretion  
104 of the Council.  
105

106 24.8 The indemnification provisions in Section 12 of the Funding Agreement are  
107 incorporated herein as if fully set forth.  
108

109 EXCEPT AS SET FORTH HEREIN, ALL OTHER TERMS AND CONDITIONS OF  
110 THE FINANCING AGREEMENT ARE TO REMAIN IN FULL FORCE AND EFFECT.

111 In witness whereof, the Parties hereto have accepted this Amendment No. 6.  
112

KING COUNTY

WASHINGTON STATE MAJOR LEAGUE  
BASEBALL STADIUM PUBLIC  
FACILITIES DISTRICT

By \_\_\_\_\_  
Dow Constantine, County Executive

By \_\_\_\_\_  
Virginia Anderson, Board Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to form:

Approved as to form:

\_\_\_\_\_  
King County Prosecuting Attorney

\_\_\_\_\_  
Thomas Eli Backer, PFD Attorney

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

113

[Blank Page]

**Attachment C. August 2018 OEFA Estimated  
Annual Lodging Tax Revenue**

Year	Total Lodging Tax Revenue Forecast
2021	\$38,672,427
2022	\$40,136,407
2023	\$41,086,798
2024	\$42,305,738
2025	\$43,318,324
2026	\$45,316,564
2027	\$46,800,865
2028	\$48,485,696
2029	\$50,231,181
2030	\$52,039,504
2031	\$53,912,926
2032	\$55,853,791
2033	\$57,864,528
2034	\$59,947,651
2035	\$62,105,766
2036	\$64,341,574
2037	\$66,657,870
2038	\$69,057,554
2039	\$71,543,626
2040	\$74,119,196
2041	\$76,787,487
2042	\$79,551,837
2043	\$82,415,703
<b>TOTAL</b>	<b>\$1,322,553,012</b>

[Blank Page]



**King County**

**Metropolitan King County Council  
Committee of the Whole**

**REVISED STAFF REPORT**

<b>Agenda Item:</b>		<b>Name:</b>	Jeff Muhm, Andrew Kim
<b>Proposed No.:</b>	2018-0374	<b>Date:</b>	

**COMMITTEE ACTION**

*Proposed Substitute Ordinance 2018-0374.2 which would authorize a new agreement and an amendment to the existing financing agreement with the Washington State Major League Baseball Stadium Public Facilities District., passed out of committee on September 5, 2018, with a “Do Pass Substitute” recommendation. The Ordinance was amended in committee with the following amendments:*

- **Amendment S1:**
  - *Incorporate Proposed Motion 2018-0266 into the Statement of Facts and Findings sections of the proposed ordinance;*
  - *Eliminates the references to “interlocal” agreement and renames Attachment A to comport with applicable law;*
  - *Modifies the Funding Agreement (Att. A) to allow transfer of lodging tax only to 2043, allow 30 day review period for council, and includes indemnification provisions to protect the county; and*
  - *Modifies Amendment No. 6 to Financing Agreement with PFD (Att. B) to require the Budget Director provide a determination to the council that an advance of funds is reasonable, complies with county policies and would not adversely affect the county's bond rating and allows 45 day review period for council;*
- **Amendment 1 to S1:**
  - *Based on August 2018 Lodging Tax Revenue Forecast: Allocate 37.5% to 4Culture, 37.5% to DCHS to support TOD and housing preservation projects, and services for homeless youth, and 25% for tourism;*
  - *Of the tourism allocation: \$43.8% to PFD, \$1 million from 2021 to 2029 to promote tourism, and remaining to DCHS to support TOD and housing preservation projects, and services for homeless youth;*
  - *Removes allocation for Kent Special Events Center PFD (Showare);*
  - *Revenues exceeding August 2018 Revenue Forecast: Allocate 10% to DCHS to support TOD and housing preservation projects, and*

*services for homeless youth; 42.5% to tourism, 37.5% to 4Culture, and 10% to PFD;*

- *States the council's intent to request the executive to issue \$100 million in additional bonds to be invested in workforce housing;*
- *States the council's intent to request the executive to transmit by February 28, 2019, an expenditure plan for the allocation of affordable housing funds not already programed in the 2016 TOD Bond Allocation Plan;*
- *Amendment 5 to S1 to require the PFD to secure a non-relocation agreement from the Mariners for the duration of the lease between the PFD and the Mariners;*
- *Amendment 9 to S1 to add labor neutrality provisions for the Mariners; and*
- *Title Amendment T1 to reflect Striking Amendment S1.*

## **SUBJECT**

Proposed Ordinance 2018-0374 would authorize a new agreement and an amendment to the existing financing agreement with the Washington State Major League Baseball Stadium Public Facilities District.

## **SUMMARY**

RCW 67.28.180 authorizes the county to levy a two percent lodging (hotel/motel) tax and allows tax revenues that will become available beginning January 1, 2021 to be allocated as follows: (1) at least 37.5 percent to arts, culture, and heritage; (2) at least 37.5 percent to affordable workforce housing near transit stations or for services for homeless youth; and (3) remainder for capital or operating programs that promote tourism and attract tourists to the county.

Proposed Ordinance 2018-0374 would authorize the executive to enter into an agreement with the PFD to make an annual contribution of 60 percent of the county's lodging tax revenues, that will become available beginning January 1, 2021 and have been designated to promote tourism but excluding the portion that would contribute to the debt service payments for the Building for Culture program bonds. The contributions would continue over the course of the lease between the PFD and Mariners and would total approximately \$184,325,573 should the lease end in 2043. The contribution must be used for major capital improvements to the basic infrastructure of the ballpark. The proposed ordinance would also authorize an amendment to the existing 1996 financing agreement with the PFD to add provisions pertaining to advancement requests made by the PFD related to the lodging tax revenue contributions.

A striking amendment has been prepared for today's meeting and the details of the striking amendment is described at the end of this staff report.

## **BACKGROUND**

***Lodging Tax Authorization and Allocation (RCW)*** In 2011, the Washington State Legislature passed ESSB 5834<sup>1</sup>, which amended RCW 67.28.180, to allow the county to allocate the county imposed two percent lodging (hotel/motel) tax revenues that will become available in 2021 as follows:

- At least 37.5 percent for art museums, cultural museums, heritage museums, the arts, and the performing arts;
- At least 37.5 percent for nonprofit organizations or public housing authorities for affordable workforce housing within one-half of a mile of a transit station, or for services for homeless youth; and
- Remainder for capital or operating programs that promote tourism and attract tourists to the county.

In 2015, the Washington State Legislature passed the Workforce Housing Bill<sup>2</sup>, which also amended RCW 67.28.180, to give the county the ability to issue either general obligation bonds or revenue bonds to help finance the affordable workforce housing allocation of lodging tax revenues that will become available in 2021. The bill requires that debt service for revenue bonds pledged against these revenues can make up no more than half of the 37.5 percent of lodging tax revenues. The bill also allows the county the option to use the same allocation to issue revenue bonds to finance projects authorized by Community Preservation and Development Authorities<sup>3</sup> to promote sustainable workplace opportunities near a community impacted by the construction or operation of tourism-related facilities.

***4Culture – Building for Culture Program*** In 2002, the county established a Cultural Development Authority,<sup>4</sup> now known as 4Culture. The Cultural Development Authority was established to continue the county's support for cultural resources, including arts, heritage, historic preservation, and public art. It was funded through public art fees and revenues, and other cultural fees and revenues, as well as the portion of the lodging tax set aside for arts and cultural purposes as per RCW 67.28.180.

In 2015, the council adopted Motion 14406<sup>5</sup> to approve the Building for Culture Program, a partnership between the county and 4Culture that would use bonds, backed by a portion of the lodging tax, to provide capital funding for arts, cultural and heritage programs, as well as for the preservation of landmark buildings. Subsequently, the council adopted a series of legislation to effectuate the motion and implement the Building for Culture Program.

---

<sup>1</sup> Enacted as Chapter 38, Laws of 2011. Effective August 24, 2011.

<sup>2</sup> Substitute House Bill 1223, Enacted as Chapter 102, Laws of Washington 2015. Effective July 24, 2015.

<sup>3</sup> Currently, the Pioneer Square-International District Community Preservation and Development Authority (d/b/a Historic South Downtown Community Preservation & Development Authority) is the only community preservation and development authority established under RCW 43.167. This development authority was established by the state as per RCW 43.167.060 and therefore is currently operating as a state agency responsible for preserving, restoring, and promoting the health, safety, and cultural identity of Seattle's Pioneer Square and Chinatown-International District neighborhoods.

<sup>4</sup> Ordinance 14482. Enacted October 1, 2002.

<sup>5</sup> Enacted July 28, 2015.

The council adopted Ordinance 18181<sup>6</sup> authorizing the executive to enter into an agreement for implementation of the Building for Culture Program by and between the county and 4Culture. The agreement identified 102 capital projects totaling approximately \$28,416,000. The agreement required the county to issue \$29,000,000 of bonds which included up to \$28,450,000 for specific projects, \$50,000 for the cost of pre-issuance project management, and up to \$500,000 for issuance costs. The agreement also required 4Culture to contribute a total of \$3 million from 2016 through 2020, and a total of \$300,000 from 2021 through 2030, as contribution to the debt service payments of the bonds. Lastly, the agreement required the county to cover the remaining debt service payments, beginning in 2021, using the lodging tax revenue dedicated to tourism promotion as specified by RCW 67.28.180(3)(d)(iii).

The council also adopted Ordinance 18180<sup>7</sup>, to issue \$29,000,000 of limited tax general obligation bonds for the Building for Culture Program, and Ordinance 18179<sup>8</sup>, making a supplemental appropriation of \$28,000,000 to the cultural development authority and \$500,000 to the historic preservation program for the Building for Culture Program.

On March 30, 2018, twenty-four months after the date of issuance of the bonds, 4Culture transmitted a report<sup>9</sup> to the county stating that it was 4Culture's assessment that four projects funded by the Building for Culture program, totaling \$1,356,000, would not be able to expend or fully expend their awards.<sup>10</sup> The council adopted Ordinance 18773 on July 30, 2018 to reallocate the \$1,365,000 and an additional \$300,000 (due to interest earnings and underspending) to other projects and amend the list of approved Building for Culture Program projects.

***Transit-Oriented Development Bond Allocation Plan*** In 2016, council adopted Motion 14687<sup>11</sup> acknowledging the receipt of the executive transmitted Transit-Oriented Development (TOD) Bond Allocation Plan and also amended the TOD Bond Allocation Plan. The TOD Bond Allocation Plan would issue a total of \$87 million in bonds to be backed by the lodging tax revenue dedicated to nonprofit organizations or public housing authorities for affordable workforce housing within one-half of a mile of a transit station, or for services for homeless youth. This amount was based on the financial forecast at that time and a state law provision that limits the debt service for bonds pledged against these revenues to no more than half of the 37.5 percent of the lodging tax revenues.

The Plan would allocate the bond funds as follows:

- All County: \$32.3 million for projects within one-half mile of a transit station;
- I-90 Corridor: \$10 million for projects near transit stations along the I-90 Corridor between Issaquah and North Bend;

---

<sup>6</sup> Enacted November 24, 2015.

<sup>7</sup> Enacted November 24, 2015.

<sup>8</sup> Enacted November 24, 2015.

<sup>9</sup> Report 2018-RPT0052.

<sup>10</sup> The Agreement, adopted by Ordinance 18181, required that 4Culture advise the county if, 24 months after the bonds were issued, a project would not be able to expend all of its funds within 36 months of bond issuance, and gave the council the ability to reallocate any unexpended funds to other projects or to use those funds to defease the bonds.

<sup>11</sup> Enacted July 19, 2016.

- Northgate: \$10 million for a project or projects at the Northgate Transit Center;
- South County: \$10 million for projects near the Des Moines or Federal Way transit stations;
- Bel-Red: \$10 million for projects near the Bellevue-Redmond Corridor transit stations; and
- Seattle South Downtown: \$14.7 million total, of which \$8.7 million would be dedicated to the Historic South Downtown Public Development Authority, \$3 million for the Pacific Tower affordable housing project, and \$3 million for affordable housing near Othello Station.

In addition the plan specified that beginning in 2021, the remainder of the lodging tax revenues dedicated to affordable workforce housing within one-half of a mile of a transit station, that is not reserved for debt service for the TOD bonds will be available for annual funding awards for other TOD projects.

The 2017 Transit-Oriented Development Bond Allocation Annual Report<sup>12</sup>, as required to be transmitted by the Transit-Oriented Development Bond Allocation Plan, stated that \$14.2 million has been awarded out of the “all county” portion to fund five projects totaling 549 units of affordable housing within a one-half mile of high capacity transit. Additionally, \$2 million of the set-aside for the Historic South Downtown Preservation & Development Authority has been spent. Of that \$1.7 million was coupled with the \$3 million set-aside for the Pacific Hospital Preservation & Development Authority to purchase the Pacific Hospital North Lot for future affordable housing development. In addition, a briefing<sup>13</sup> on *Transit-Oriented Development and Transit Expansion* was conducted at the June 20, 2018 Mobility Committee.

***Washington State Major League Baseball Stadium Public Facilities District*** In September 1995, the Washington State legislature authorized the county to impose three new councilmanic taxes to finance the construction of the Ballpark<sup>14</sup> including:

- 0.5 percent restaurant, bar and tavern food and drink sales and use tax;
- 2.0 percent car rental sales and use tax; and
- 0.017 percent sales and use tax which would be credited against the state sales and use tax so that consumers would see no net tax increase on retail sales.

In October 1995, the county enacted Ordinance 12000<sup>15</sup> to impose the state authorized taxes and create the Washington State Major League Baseball Stadium Public Facilities District (PFD) to construct and operate a Major League Baseball ballpark now known as Safeco Field (Ballpark). The PFD is governed by a seven member board, four of whom are appointed by the county and three of whom are appointed by the state.

The county also donated the land (valued at \$38 million) associated with the Ballpark’s construction to the PFD and issued \$336 million in bonds to repaid by the revenue streams listed above. The bonds were repaid in October 2011 and the above taxes expired as well.

<sup>12</sup> 2017-RPT0113, transmitted August 14, 2017.

<sup>13</sup> Briefing 2018-B0122.

<sup>14</sup> Engrossed House Bill 2115 Chapter 1, Laws of 1995. Effective October 17, 1995.

<sup>15</sup> Ordinance 12000. Enacted October 24, 1995.

The Washington State legislature also authorized the PFD to impose a 10 percent parking tax and a 5 percent admissions tax on all ticketed events at the Ballpark to help finance the Ballpark and associate parking facilities construction and later authorized these taxes to be used by the PFD for capital and operating costs associated with the Ballpark. These taxes are still in effect and are used to maintain and improve the Ballpark. The Seattle Mariners (Mariners) pledged to contribute \$45 million to the Ballpark's design and construction as well as covering any cost overruns associated with the Ballpark's construction or design. The final construction costs of the Ballpark amounted to \$517 million with the county, PFD and state contributing \$372 million and the Mariners contributing \$145 million.

The PFD and the Mariners entered into a 20 year lease agreement in 1996 for exclusive use of the Ballpark. The Ballpark was completed in June of 1999 and was first used by the Mariners on July 15, 1999 and the lease expires on December 31, 2018.

In 2015 the Mariners and the PFD began discussing new lease renewal terms and jointly hired B&D Venues and Populous Architects (Consultant Team) to investigate the extent, cost and timing of anticipated capital improvements over 20 years. The Consultant Team issued its preliminary report in 2015 and updated the report on May 15, 2018.<sup>16</sup> The updated report identified \$385.5 million worth of "Necessary Improvements" to keep the Ballpark in first class condition through 2041. The report also identified proposed "Upgrade Improvements" to enhance the Ballpark's economic vitality through the same time period. No cost estimates were included with the proposed "Upgrade Improvements" in the Consulting Team's report.

PFD Resolution 18-004 identified the need to fund the \$385.5 million in "Necessary Improvements" identified in the Consulting Team's report and identified the Mariners' estimate for "Upgrade Improvements" to cost an additional \$160 million. No specific Upgrade Improvements were identified in PFD Resolution 18-004; however the Mariners have provided a list of potential "Upgrade Improvements" to council staff totaling \$190 million and have stated that this list represents a minimum of necessary "Upgrade Improvements". The Mariners have also stated to council staff that expansion of the current parking facility may also be necessary in addition to the identified "Upgrade Improvements". However, executive staff has confirmed that the allocated funds to the PFD would only be used to support major maintenance needs of the Ballpark and would not be used for "Upgrade Improvements".

On May 23, 2018, the PFD and Mariners agreed to a new lease term sheet for exclusive use of the Ballpark from January 1, 2019 through December 31, 2043 (PFD Resolution 18-004); however, no final lease has been executed.

**Summary of Proposed Motion 2018-0266** Section A of the proposed motion would state the county's intent to allocate the lodging tax revenues that will become available beginning January 1, 2021 as follows: (1) 37.5 percent to 4Culture to support art museums, cultural museums, heritage museums, the arts and the performing arts; (2)

---

<sup>16</sup> Washington State Major League Baseball Stadium Public Facilities District – Safeco Field Long-Term Capital Needs Assessment. URL: [http://douglas-sma.com/wp-content/uploads/2018/05/Safeco\\_LTCNA\\_Revised\\_Draft\\_III.pdf](http://douglas-sma.com/wp-content/uploads/2018/05/Safeco_LTCNA_Revised_Draft_III.pdf). Accessed July 26, 2018.

37.5 percent to the Department of Community and Human Services to support transit oriented development including projects that preserve or develop workforce housing and ongoing services or projects that support homeless youth; and (3) 25.0 percent to promote tourism and attract tourists to the county.

The tourism portion of the allocation would first include debt service payments for the Building for Culture Program bonds between the county and 4Culture. 60 percent of the remaining funds would contribute to the Washington State Major League Baseball Stadium Public Facilities District to support capital projects for the Ballpark to sustain the long-term viability of the facility, and 3 percent of the remaining funds would contribute to the Kent Special Events Center Public Facilities District to support capital maintenance of the accesso ShoWare Center.

Section B of the proposed motion requires the executive, in consultation with the council to develop a countywide strategic arts, heritage, historic preservation, and culture plan for the arts, culture, and heritage portion of the lodging tax revenues. The strategic plan is required to be sent to council by December 31, 2019.

Section C of the proposed motion requires the council, the executive, and county visitor and tourism organizations to work in collaboration to set up a tourism promotion fund.

Lastly, section D of the proposed motion requests the executive to develop and transmit legislation to support the identified planned allocations as specified in the proposed motion. This would include appropriation requests, and any necessary interlocal agreements with the Washington State Major League Baseball Stadium Public Facilities District, the Kent Special Events Center Public Facilities District or 4Culture.

**ANALYSIS OF PROPOSED MOTION 2018-0266**

***Compliance with State Law and Past Council Actions*** RCW 67.28.180(3)(d) establishes guidelines on the allocation of the county imposed two percent lodging tax that will become available beginning January 1, 2021. The allocations as specified in the proposed motion complies with the guidelines of state law. Table 1 below provides a comparison of the state law and the proposed motion.

In anticipation of lodging tax revenues that will become available in 2021, the council have already adopted various legislations that would utilize the future revenue stream. All of these past council actions are discussed in the Background section above. Table 1 below provides reference to these past council actions and aligns them to the appropriate allocations as directed by state law and specified in the proposed motion.

**Table 1. Comparison between state law and proposed motion with references to related past council actions.**

No.	Allocation Guidelines as per RCW 67.28.180(3)(d)	Allocations specified by Proposed Motion 2018-0266	Past Council Actions
1	<b><u>At least</u></b> 37.5% for art museums, cultural museums, heritage	37.5% shall be transferred to 4Culture to support art	None

	museums, the arts, and the performing arts.	museums, cultural museums, heritage museums, the arts and the performing arts.	
2	<p><b>At least</b> 37.5% for the following:</p> <ul style="list-style-type: none"> <li>a. Nonprofit organizations or public housing authorities for affordable workforce housing within one-half mile of a transit station; or</li> <li>b. Services for homeless youth; or</li> <li>c. Repay general obligation or revenue bonds for affordable housing or sustainable workplace opportunities near a community impacted by the construction or operation of tourism-related facilities authorized by a community preservation and development authority.</li> </ul>	37.5% shall be allocated to DCHS to support transit oriented development including projects that preserve or develop workforce housing and ongoing services or projects that support homeless youth.	<p><b>Motion 14687</b> acknowledged receipt of the Transit-Oriented Development (TOD) Bond Allocation Plan which plans to issue \$87 million of bonds, revenue backed by lodging taxes available in 2021, for TOD projects. The plan specifies that remaining lodging tax proceeds not allocated for debt service payments would be available for annual funding awards for other TOD projects.</p>
3	Remainder must be used for capital or operating programs that promote tourism and attract tourists to the county.	<p>25% percent shall be allocated for the following:</p> <ul style="list-style-type: none"> <li>a. Building 4 Culture bonds debt service;</li> <li>b. 60% remaining to the Washington State Major League Baseball Stadium Public Facilities District for capital projects; and</li> <li>c. 3% remaining amount to the Kent Special Events Center Public Facilities District from 2021 to 2029 to support capital maintenance of the accesso ShoWare Center.</li> </ul>	<p><b>Motion 14406</b> established the Building for Culture Program to fund capital projects that supported arts, culture and heritage using lodging tax revenues designated for tourism promotion. <b>Ordinance 18179, 18180, and 18181</b> effectuated the motion to implement the program and issue \$29 million of bonds to support 102 capital projects. <b>Proposed Ordinance 2018-0257</b> would reallocate \$1.7 million and modify the adopted list of projects.</p>

**Financial Analysis** Table 2 below provides a financial snapshot of the total allocation of the county's two percent lodging tax revenues as specified by the proposed motion from 2021 to 2043. The year range reflects the duration of 15 to 20 year term bond issuances for the Building for Culture Program and TOD Bond Allocation Plan, and a possible new lease term duration between the PFD and the Mariners. The financial snapshot also assumes allocation based on past council actions. The financial snapshot is based on the county's Office of Economic and Financial Analysis (OEFA) March 2018

revenue forecast through 2027. Revenues beyond 2028 were estimated based on an annual increase of 3.6 percent.

**Table 2. Allocation of Lodging Tax Revenues from 2021 to 2043 as per Proposed Motion 2018-0266.**

<b>Arts, Culture &amp; Heritage</b>	<b>Affordable Workforce Housing Near Transit</b>	<b>Tourism Promotion</b>
<p style="text-align: center;"><b>37.5%</b></p> <ul style="list-style-type: none"> <li>• 4Culture – \$476 million</li> </ul>	<p style="text-align: center;"><b>37.5%</b></p> <ul style="list-style-type: none"> <li>• TOD Bond Allocation Plan – \$116 million (Debt Service for \$87 million of bond proceeds)</li> <li>• TOD Annual Funding Awards – \$360 million</li> </ul>	<p style="text-align: center;"><b>25%</b></p> <ul style="list-style-type: none"> <li>• Building for Culture Program Debt Service – \$22.3 million</li> <li>• PFD – \$177-190 million</li> <li>• ShoWare – \$1.3 million</li> <li>• &lt;Unallocated&gt; – \$102-115 million</li> </ul>
<p style="text-align: center;"><b>TOTAL: \$476 million</b></p>	<p style="text-align: center;"><b>TOTAL: \$476 million</b></p>	<p style="text-align: center;"><b>TOTAL: \$318 million</b></p>

**Future Actions by Council** As specified by section D of the proposed motion, the Executive intends to transmit an ordinance to adopt an interlocal agreement between the county and the PFD to effectuate the intent of the proposed motion. The Mariners have indicated in media accounts and to council staff that they will not start final lease negotiations with the PFD until the county adopts an interlocal agreement to transfer a portion of the lodging tax revenue designated for tourism promotion for capital needs of the Ballpark.

The council may need to also take action on appropriation requests, and any necessary interlocal agreements with the Kent Special Events Center Public Facilities District and 4Culture to also effectuate the intent of the proposed motion. Section D of the proposed motion requests the executive to transmit such legislations.

Executive staff have also confirmed that they will work collaboratively with the council to establish a strategic arts, heritage, historic preservation, and culture plan (as specified in section B of the proposed motion) and also to identify the county visitor and tourism organizations that will collaborate with the county to set up a tourism promotion fund (as specified in section C of the proposed motion).

**SUMMARY OF PROPOSED ORDINANCE 2018-0374**

**New Agreement Between County and PFD** Proposed Ordinance 2018-0374 would effectuate a portion of Proposed Motion 2018-0266 by authorizing the executive to enter into an agreement with the PFD to make an annual contribution of 60 percent of the county’s lodging tax revenues that will become available beginning January 1, 2021 and have been designated to promote tourism. Attachment A of the proposed ordinance includes the agreement between the county and the PFD. Exhibit B to Attachment A provides a breakdown of the estimated annual lodging tax revenues and the annual

transfer that would be made to the PFD from 2021 to 2043. According to the agreement, the contribution would exclude the portion that have already been designated to be used for debt service payments for the Building for Culture program bonds. Exhibit A to Attachment A provides the estimated annual breakdown of the exclusion amounts. The total contribution to the PFD would be approximately \$184,325,573 over the course of the 25-year lease term (through 2043) between the PFD and the Mariners.

The agreement is contingent upon an executed lease between the PFD and the Mariners consistent with the May 23, 2018 Lease Term renewal sheet and the contribution would continue over the course of the lease term. The current lease term includes a 25 year lease with the Mariners having the option to extend three additional years twice.

The agreement requires that the lodging tax contributions be used solely for "*major capital improvements to the basic infrastructure of the ballpark including replacements and major repairs as determined by the PFD in a manner consistent with the lease with the Mariners and RCW 67.28.180<sup>17</sup>*". Basic infrastructure includes plumbing, electrical and HVAC, as well as building structural elements and essential building components, such as the retractable roof and its support system and other uses related to the basic functioning of the ballpark. However it does not include expenditures related to baseball operations, routine maintenance of the ballpark, or facility upgrades with direct revenue generation potential, such as suites, restaurants, or so-called "Club" spaces. The agreement specifies that the annual maintenance plan(s), developed by the Mariners and approved by the PFD, shall identify the expenditures that will be funded by the lodging tax revenues. In addition, the agreement requires the PFD to inform the county of any proposed improvements in the current maintenance plan(s) on an annual basis. The agreement also requires that the PFD report to the county on an annual basis informing the status of the work funded in whole or in part by the lodging tax revenues.

Lastly, the agreement requires that the county's Budget Director administer the provisions of the agreement. The agreement also requires that the PFD include the lodging tax contribution into a separate fund and not be comingled with other PFD funds, in particular the Capital Expenditure (CapEx) fund mentioned in the lease.

***Amendment to 1996 Financing Agreement Between County and PFD*** Proposed Ordinance 2018-0374 would also authorize an amendment to the existing 1996 financing agreement between the PFD and the county. The proposed ordinance would add provisions pertaining to advancement requests made by the PFD related to the lodging tax revenue contributions. Attachment B to this ordinance includes Amendment Number 6 to the 1996 Finance Agreement.

---

<sup>17</sup> RCW 67.28.180(3)(d)(iii) states that the funds "...must be used for capital or operating programs that promote tourism and attract tourists to the county". RCW 67.28.180(3)(h)(ii) defines "tourism promotion" to include activities intended to attract visitors for overnight stays, arts, heritage, and cultural events, and recreational, professional, and amateur sports events. Moneys allocated to tourism promotion in a county with a population of one million or more must be allocated to local public organizations and nonprofit organizations formed for the express purpose of tourism promotion in the county. Such organizations must use moneys from the taxes to promote events in all parts of the county.

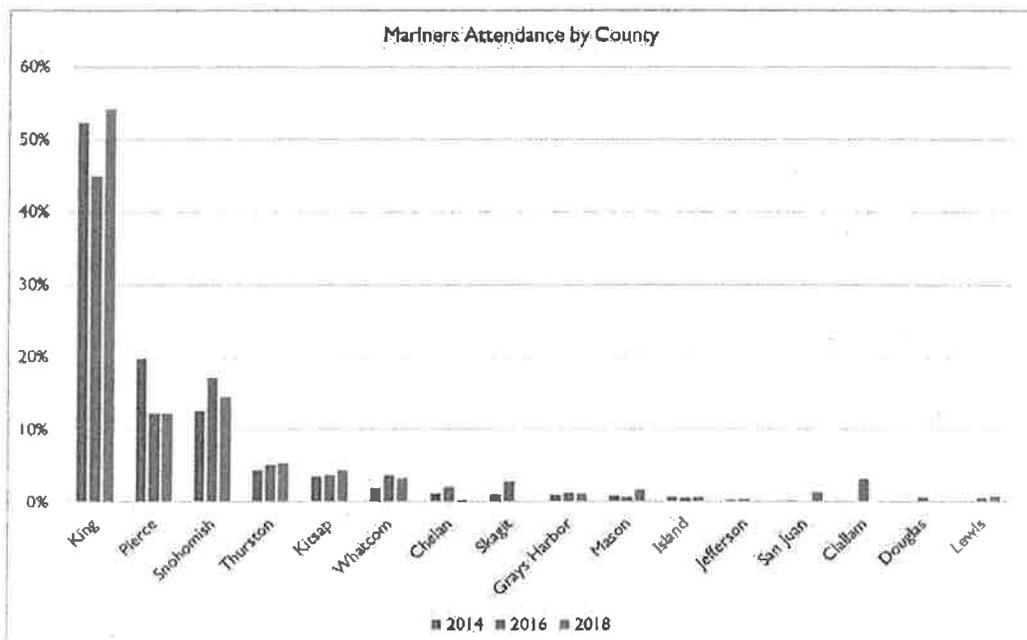
Ordinance 12000 (as described in the background section above), which imposed the state authorized taxes and create the PFD to construct and operate the ballpark, also authorized the execution of an agreement between the PFD and the county to establish a financing structure to fund the construction of the ballpark and protect the county's general fund and bond rating. The 1996 financing agreement, and its five amendments, agreed that the county would issue general obligation bonds to fund the construction of the ballpark, appropriate and transfer public funds to the PFD to finance the construction of the ballpark, and have both the county and the PFD acquire real estate that would be required to construct the ballpark.

Amendment Number 6 would allow the PFD to request the county make advances of the contributions obligated to the PFD according to the new agreement (Attachment A). The amendment outlines the process that PFD must follow to make the request, and interest payment provisions should the county issue debt to fund the advancement request.

**ANALYSIS OF PROPOSED ORDINANCE 2018-0374**

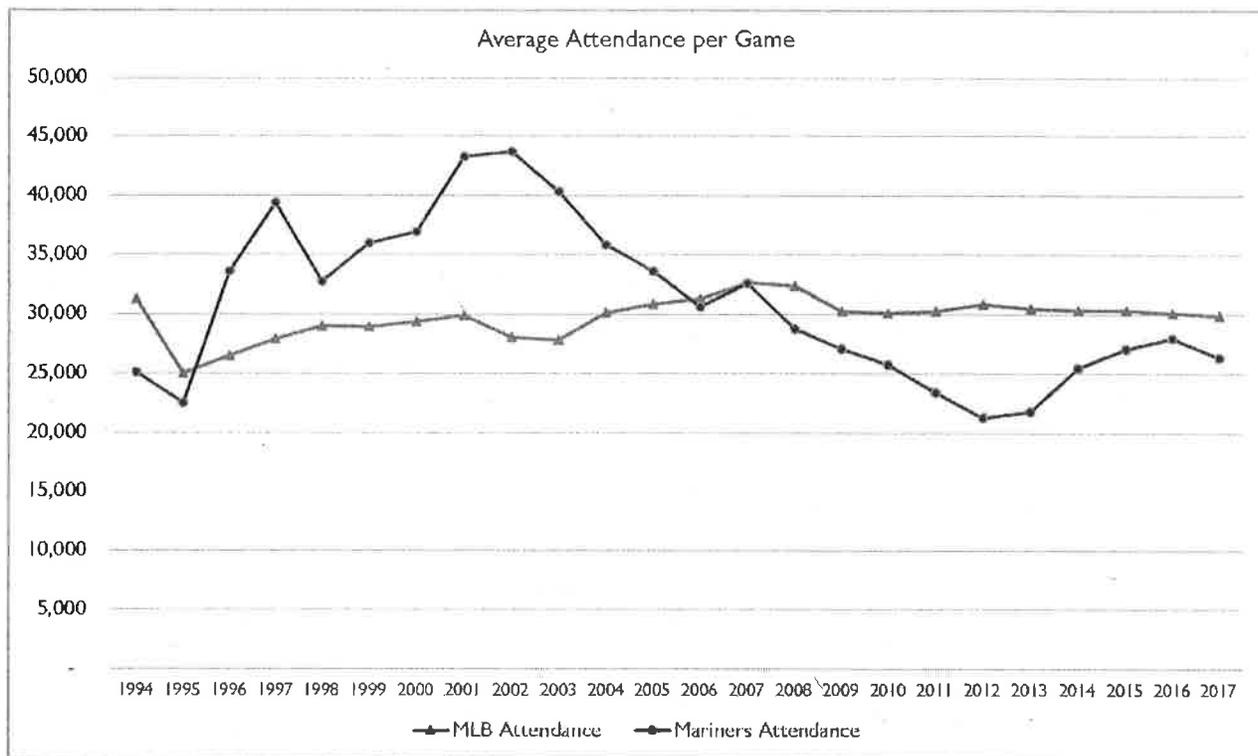
**Attendance** The proposed ordinance states that the Seattle Mariners draws nearly three million fans to Safeco Field every year and approximately 55 percent come from outside King County. According to more current data from the Mariners, in 2018, approximately 45 percent of the attendees came from outside King County and on average 49 percent since 2014. Figure 1 below provides more details on the percentage of attendees by each county from 2014 to 2018. In 2018, approximately 25 percent of the attendees came from Snohomish and Pierce counties. In addition, Figure 2 below shows the average attendance from 1994 to 2010 for the Mariners compared to Major League Baseball as a whole.

**Figure 1. Mariners Attendance by County<sup>18</sup>.**



<sup>18</sup> Source: Seattle Mariners.

**Figure 2. Average Attendance per Game (Mariners vs. MLB)<sup>19</sup>.**



**Economic Benefit** The proposed ordinance states that Safeco Field is expected to generate \$46 million for local jurisdictions and \$140 million for Washington State in the next 20 years. This data was based on the B&D Venues and Populous Architects 2015 Safeco Field Long-Term Capital Needs Assessment Report which concluded that based on a 20-year net present value basis, Safeco Field is projected to generate \$81 million in tax revenues to the PFD, \$140 million to the state, and \$46 million to local jurisdictions. Total tax revenue benefits are estimated at approximately \$267 million through 2036.<sup>20</sup>

**Extension of Leases** It should be noted that the new agreement between the PFD and the county states that “transfers of lodging tax receipts shall continue for the term of the lease as it may be extended in accordance with its terms”. Since the lease terms between the PFD and the Mariners is 25-years including an option for the Mariners to extend the lease for 3 additional years twice, the county would be obligated to make annual lodging tax revenue contributions for an additional six years to 2049 should the Mariners choose to extend the lease. Since the total estimated contribution of \$184,325,573 was calculated for the 25 year lease term (2043), the total lodging tax revenue contributions for an additional 6 years would be at least \$73,997,874<sup>21</sup> higher.

<sup>19</sup> Source: ESPN.

<sup>20</sup> Washington State Major League Baseball Stadium Public Facilities District: Safeco Field Long-Term Capital Needs Assessment Report by B&D Venues and Populous Architects, May 2015. Page 11. URL: [http://douglas-sma.com/wp-content/uploads/2018/05/Safeco\\_LTCNA\\_Revised\\_Draft\\_III.pdf](http://douglas-sma.com/wp-content/uploads/2018/05/Safeco_LTCNA_Revised_Draft_III.pdf). Accessed August 24, 2018.

<sup>21</sup> Calculated using the estimated annual transfer amount of \$12,332,979 in Exhibit B of the new agreement (Attachment A to Proposed Ordinance 2018-0374) and multiplying by 6 years.

**Amendments to Agreement** Section 3 of the new agreement states that the “agreement may be amended at any time by mutual written agreement of the parties”. The council may wish to consider the council’s role in reviewing and/or authorizing any future amendments to this agreement, specifically related to duration and dollar amount.

**Other Edits** Council’s legal counsel, in agreement with the Prosecuting Attorney’s Office, has determined that the current agreement does not meet the requirements of an interlocal agreement as per RCW 39.34 and the proposed ordinance would need to be amended to accurately reflect why this agreement requires council approval<sup>22</sup>. Council’s legal counsel has also identified several other proposed edits to more closely track with the relevant state statute and applicable county law necessary to the proposed agreement and proposed ordinance language.

### **UPDATES SINCE JULY 30<sup>th</sup> COMMITTEE OF THE WHOLE**

Since the first hearing of Proposed Motion 2018-0266 at the July 30, 2018 Committee of the Whole Committee meeting, the following updates have occurred:

1. On July 30, 2018, the executive transmitted Proposed Ordinance 2018-0374 to authorize the executive to enter into an agreement with the PFD to transfer lodging tax revenues to be used for capital improvements of Safeco Field. The summary and analysis of the proposed ordinance is covered in this staff report.
2. In accordance with the Transit-Oriented Development (TOD) Bond Allocation Plan<sup>23</sup>, the executive transmitted the TOD Bond Allocation 2018 Annual Report<sup>24</sup>. To date, \$49.95 million of the \$87 million have been awarded which would commit 1,041 affordable housing units.
3. Staff has determined that the document provided by the Mariners which included a list of “Upgrade Improvements” as identified by their contractor Skanska, dated June 15, 2018, were incorrectly formatted. The incorrectly formatted report provided incorrect total cost figures. Since the last briefing, staff has reformatted this document to correct the total cost figures. Based on the reformatted document, the list of upgrade improvements as identified by the Mariners totals approximately \$183,950,849 without including any of the parking options.

### **RESPONSES TO QUESTIONS FROM JULY 30<sup>th</sup> COMMITTEE OF THE WHOLE**

The following provides responses to councilmember questions from the July 30, 2018 Committee of the Whole Committee meeting:

1. **What percentage of county’s lodging tax revenues are a result of Safeco Field events (both Mariners games and other events)?**

<sup>22</sup> Under both King County Charter Section 495 and King County Code 4A.100.070.D.2.b. the executive may request council authorization to enter into agreements that commit the County to make payments from future appropriations beyond the biennium.

<sup>23</sup> Motion 14687.

<sup>24</sup> Report 2018-RPT0114.

Response: While staff is continuing to gather data to calculate lodging taxes attributed to non-Mariner game events at Safeco, staff has determined that in 2017 between 0.7% and 1.5% of County lodging tax collections can be attributed to game attendees and visiting team staff who require overnight stays. This calculation assumed the 5% of Mariner's game attendees require overnight stays (as assumed in the Safeco Long Term Capital Needs Assessment Report) and used 2017 the federal room rate for the City of Seattle of \$216 per night.

**2. Provide comparison of other MLB contracts with public entities with proposed lease terms between PFD and Mariners.**

Response: On April 1, 2018, the Houston Astros entered into a lease extension with the Houston Sports Authority to extend the lease from 2030 to 2050 for Minute Maid Park. Table 3 below is a summary of the announced lease extensions..

**Table 3. Lease Extension Terms between Houston Sports Authority and Astros.**

<b>2017 Lease Extension Annual Payments from Astros</b>		
<b>Payment Type</b>	<b>2018-2029</b>	<b>2030-2050</b>
<b>Rent</b>	<b>\$4.4 million (of which \$750K goes to the ARR Fund)</b>	<b>\$5.4 million (of which \$4.4 million goes to the ARR Fund)</b>
<b>Total</b>	<b>\$52.8 million</b>	<b>\$113.4 million</b>
<b>Capital Repairs (ARR Fund)</b>	<b>\$2.5 million</b>	<b>\$2.5 million</b>
<b>Total</b>	<b>\$30 million</b>	<b>\$52.5 million</b>
<b>Total to ARR Fund</b>	<b>\$39 million</b>	<b>\$144.9 million</b>

The Astros remain responsible for operating and maintenance costs through the terms of the lease. The lease terms call for the Harris County-Houston Sports Authority to secure funds by 2030 for capital upgrades to the facility. To do so, the Authority will either: (a) seek to increase the car rental tax from 5.0% to 5.5% and increase the local hotel tax from 2.0% to 2.5% and then issue bonds based on the new revenue. Staff is still confirming whether a county-wide election is required to approve the tax increases; or (b) issue new debt secured by the current taxes. If the authority fails to secure funding through either options by December 31, 2030, the Astros have 30 days to decide to terminate the lease effective March 31, 2035. If the Astros do not decided to terminate the lease within 30 days, the Astros must stay until 2050.

Recent lease extensions of similarly aged ballparks also include Coors Field (Colorado Rockies). Coors Field lease extension included a new 30 year term (2017 – 2047) and no additional public funding. However the new lease did grant a 99 year ground lease to the Rockies so the Rockies could develop a large parcel in close proximity to the stadium.

Staff has reached out to the Seattle Mariners for assistance in obtaining additional information to provide further comparisons.

**3. Would like to know more details about parking fee revenue and how this is distributed.**

Response: According to the current lease terms between the PFD and the Mariners<sup>25</sup>, the Mariners shall be entitled to retain all revenues from the sale of parking tickets, permits, or passes sold to users of the parking facility.

**4. What is the current condition of the ballpark facilities with respect to the “Applicable Standard”?**

Response: According to PFD Resolution 18-004, which authorized the execution of the lease renewal terms between The PFD and Mariners, beginning in 2005, the PFD has evaluated the Mariner’s compliance with the Applicable Standard by measuring the Mariner’s operation and maintenance of the ballpark against the performance of operators of other Major League Baseball stadiums first opened for play between 1990 and 1999 (i.e. Tropicana Field, Tampa; Guaranteed Rate Field, Chicago; Camden Yards, Baltimore; Globe Life Park, Arlington; Progressive Field, Cleveland; Coors Field, Denver; Turner Field, Atlanta; Chase Field, Phoenix). In each of those evaluations, conducted in 2005, 2008, 2012, and 2015, the ballpark has come out on top, ranking the highest each time when compared against MLB venues of comparable age. In addition, the resolution states that the annual facility audits conducted by an experienced consulting team confirmed that the ballpark is well maintained by the Mariners.

**5. Can we pay off the CenturyLink Field bonds earlier? What is the interest rates? What is the advantage of paying it earlier?**

Response: The Washington State Treasurer’s Office stated that the CenturyLink Field (Stadium) bonds would be paid off by January 1, 2021. As of August 22, 2018, there are \$48,129,002 outstanding. Table 3 and Table 4 below provides the debt service payments for each year and the interest rates for each bond.

RCW 43.99N.060 requires that any funds remaining after the payment of principal and interest on the bonds shall be transferred to the youth athletic facility account. Expenditures from the account may be used only for

---

<sup>25</sup> Ballpark Operations and Lease Agreement between the Washington State Major League Baseball Stadium Public Facilities District and The Baseball Club of Seattle LP, dated December 23, 1996. URL: <http://www.ballpark.org/pdfs/WSMLBS%20PFD%20Lease%20with%20Baseball%20Club%20of%20Seattle.pdf>. Accessed August 24, 2018.

purposes of grants or loans to cities, counties, and qualified nonprofit organizations for community outdoor athletic facilities.

**Table 3. Outstanding Debt Service by Payment Date.**

Payment Date	Principal	Interest	Total Debt Service
1/1/2019	\$12,066,629	\$36,828,371	\$55,895,000
1/1/2020	\$18,653,868	\$39,851,133	\$58,505,000
1/1/2021	\$10,408,505	\$23,726,495	\$34,135,000
<b>TOTAL</b>	<b>\$48,129,002</b>	<b>\$100,405,999</b>	<b>\$148,535,000</b>

**Table 4. Outstanding Debt Service by Payment Date.**

Series	Yield	Payment Date	Principal	Interest	Total Debt Service
1999S-2	5.30%	1/1/2019	\$6,086,141	\$10,893,859	\$16,980,000
1999S-3	5.42%	1/1/2020	\$5,878,509	\$11,771,491	\$17,650,000
1999S-3	5.43%	1/1/2021	\$5,818,974	\$12,651,027	\$18,470,000
2000-S5	5.97%	1/1/2019	\$12,980,487	\$25,934,513	\$38,915,000
2000-S5	6.00%	1/1/2020	\$12,775,359	\$28,079,642	\$40,855,000
2000-S5	6.03%	1/1/2021	\$4,589,532	\$11,075,468	\$15,665,000
<b>TOTAL</b>			<b>\$48,129,002</b>	<b>\$100,405,999</b>	<b>\$148,535,000</b>

**6. What is the economic impact of the Seattle Mariners and Safeco Field to the county?**

Response: The PFD's May 2015 Safeco Field Long-Term Capital Needs Assessment Report by B&D Venues and Populous Architects reported that based on a 20-year net present value basis, Safeco Field is projected to generate \$81 million in tax revenues to the PFD, \$140 million to the state, and \$46 million to local jurisdictions. Total tax revenues are estimated at approximately \$267 million through 2036.

In addition, the report calculates that when calculated on a 20-year net present value basis, Safeco Field is projected to generate \$2.1 billion in economic output and support \$1.8 billion in wages in King County through 2036. When measured at the state level, Safeco Field is projected to produce \$3.1 billion in economic activity and support approximately \$2.2 billion in wages through 2036. State totals are not additive and is inclusive of benefits within King County.

Thus far the PFD's 2015 report is the only source that measures the economic impact of the Seattle Mariners and Safeco Field to the county.

## AMENDMENT

A striking amendment has been prepared for today's meeting. The striking amendment would make the following key changes:

- (1) incorporate Proposed Motion 2018-0266 into the *Statement of Facts* and *Findings* sections of the proposed ordinance;
- (2) eliminates the references to "interlocal" agreement and renames Attachment A to comport with applicable law;
- (3) leaves blank the percentage allocations of lodging tax revenues to various sources as specified in Proposed Motion 2018-0266, now in the *Findings* section (It should be noted that these would be filled in by amendments offered by members);
- (4) modifies Attachment A (now titled Funding Agreement) to allow transfer of lodging tax only to 2043, allow 30 day review period for council if an amendment to the Funding Agreement would extend the number of years of county's transfer to the PFD or the amount to be transferred, and includes indemnification provisions to protect the county; and
- (5) modifies Amendment No. 6 to Financing Agreement with PFD (Attachment B) to require that should the PDF request an advance on its annual transfers, that prior to making such an advance, the Budget Director provide a determination to the council that such an advance is reasonable, complies with county financial and debt management policies and would not adversely affect the county's bond rating. If the council did not object to the determination within 45 days, the advance of funds could proceed.