

June 26, 1995

Introduced By: Pete von Reichbauer,
Jane Hague

mariner.mot

Proposed No.: 95-457

MOTION NO.

9599

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3 A MOTION setting policy direction for the
4 negotiation of a memorandum of
5 understanding between King County, the
6 City of Seattle, the Sports and Events
7 Council, the State of Washington, and the
8 Seattle Mariners for the purpose of
9 agreeing to terms and conditions for King
10 County support of a plebiscite for a new
11 baseball stadium.

12 WHEREAS, the King County Executive has initiated
13 negotiations with the Seattle Mariners for the purpose of
14 developing a Memorandum of Understanding to agree to terms
15 and conditions for building a baseball only stadium and
16 concluding a long-term commitment from the baseball club to
17 play in the new facility; and

18 WHEREAS, major league baseball is a regional asset
19 benefiting the State of Washington, the City of Seattle, King
20 County and area businesses; and

21 WHEREAS, retaining major league baseball in Washington
22 state will require a joint effort by all of the benefactors
23 of the Mariners; and

24 WHEREAS, the King County Council has expressed a desire
25 to help maintain major league baseball in Seattle while at
26 the same time expressing concerns regarding the sales tax
27 funding solution proposed and many of the other provisions of
28 Second Engrossed Substitute Senate Bill 6049; and

1 WHEREAS, the King County Council's top financial
2 priority is to secure funding for the Kingdome roof and
3 ceiling debt; and

4 WHEREAS, if funding is not secured for Kingdome roof and
5 ceiling repairs, the County's general government services,
6 including public health and public safety services, would
7 need to be cut by approximately \$5.5 million for the next 20
8 years to cover the debt service associated with the roof and
9 ceiling repair costs; and

10 WHEREAS, the King County Council has expressed concerns
11 about the financial viability of the Kingdome if a new
12 potentially competing stadium were to be constructed next to
13 the Kingdome; and

14 WHEREAS, the King County Council has expressed concerns
15 about the potential mitigation and permitting costs and
16 restrictions that may be imposed on a new stadium and the
17 Kingdome; and

18 WHEREAS, recognizing the taxing authority granted in
19 Second Engrossed Substitute Senate Bill 6049 expires December
20 31, 1995, the King County Council may proceed with an
21 election to secure imposition of a 0.1% sales tax increase
22 for the purpose of eliminating Kingdome roof and ceiling
23 debt, improving the Kingdome and constructing a new stadium;
24 and

25 WHEREAS, the King County Council reserves the right not
26 to secure voter approval to impose a tax for a new baseball
27 stadium pending the outcome or resolution of a number of
28 questions and concerns raised by the King County Council;

1 NOW, THEREFORE BE IT MOVED by the Council of King
2 County, the King County Executive is hereby directed to
3 negotiate a memorandum of understanding between King County,
4 the City of Seattle, the Sports and Events Council, the State
5 of Washington, and the Seattle Mariners for the purpose of
6 establishing terms and conditions by which King County can
7 support the construction of a new baseball stadium:

8 **A. General Guiding Principals.** When negotiating a
9 Memorandum of Understanding, the executive shall use the
10 following general guiding principals:

11 1. The county's first priority is to fund the costs
12 of the Kingdome roof and ceiling repairs. The county's
13 second priority is a new baseball stadium and other Kingdome
14 improvements.

15 2. The Kingdome shall remain financially viable. Any
16 new stadium shall not detrimentally impact the finances of
17 the Kingdome, nor its ability to adequately provide for the
18 costs of its operations and maintenance on its own revenues.

19 3. Financing plans for both the Kingdome and a
20 proposed new stadium shall include a major maintenance
21 reserve fund for the long-range upkeep of the respective
22 facilities.

23 4. New and existing tax revenues are to be used for
24 capital purposes only. No existing or new taxing sources
25 shall be used to subsidize the operation of the Kingdome or a
26 new stadium.

27 **B. Expectations of parties to Memorandum of**
28 **Understanding.** The executive shall include the county, the
29 Seattle Mariners, the City of Seattle, the Sports and Events
30 Council and the State of Washington as parties to the

1 Memorandum of Understanding. The expectations of each party
2 are as follows:

3 1. Seattle Mariners. At a minimum, the King County
4 Council wishes the executive to obtain a commitment from the
5 Mariners to: a.) stay in King County for the next 20 years
6 or for however long it takes to defease the bonds on the new
7 stadium; b.) play at least 90% of their home games in the
8 new stadium; c.) share operating profits with the county or
9 public facility district; d.) share in any capital gains
10 realized as a result of appreciation in the value and sale of
11 the team; e.) evaluate the use of premium seat licensing
12 sales as a way of raising private money for the new stadium;
13 f.) re-negotiate the existing lease to extend the Mariner's
14 commitment to stay in the Kingdome until a new stadium is
15 constructed; g.) drop claims to advertising rights on the
16 outside of the Kingdome; h.) provide assurance to King
17 County, the City of Seattle and the State of Washington that
18 a new baseball stadium will alone be sufficient to make the
19 club economically viable for the entire term of the lease,
20 and that the Mariners will not use the absence of a salary
21 cap and meaningful revenue sharing as a reason to seek more
22 public funding or as a reason to move the team; i.) join with
23 the City of Seattle and/or the State of Washington or area
24 businesses to agree to pay for any cost overruns over the
25 \$250 million King County may contribute toward a new stadium.

26 2. The City of Seattle. At a minimum, the King
27 County Council wishes the executive to obtain a commitment
28 from the City of Seattle to: a.) work with the county, the
29 Mariners, and the Seahawks to find workable solutions to
30 existing and potential permitting and mitigation problems for

1 both the Kingdome and a new stadium; b.) minimize and cap
2 King County's share of City imposed mitigation cost to no
3 greater than 6 percent of the construction costs of the new
4 baseball stadium; c.) provide fast track priority permitting
5 for a new stadium; d.) reasonably allow events in both the
6 Kingdome and a new stadium to be held simultaneously if the
7 new stadium is built near the Kingdome; e.) allow
8 significantly more event days for the exhibit hall; e.)
9 review signage restrictions for the Kingdome and the proposed
10 new stadium with the goal of increasing the revenue potential
11 for both facilities; f.) join with the State of Washington in
12 lending the full faith and credit of the City of Seattle to
13 back all or part of the bonds issued to fund the construction
14 of a new baseball stadium.

15 3. The Sports and Events Council. The King County
16 Council wishes the executive to obtain a commitment from the
17 Sports and Events Council to assist in the marketing of the
18 Kingdome and new stadium. At a minimum, the Sports and
19 Events Council will be expected to assist in the marketing of
20 Kingdome and new stadium executive suites, club seats, luxury
21 boxes and premium seat licenses.

22 4. The State of Washington. The King County Council
23 wishes the executive to obtain a commitment from legislative
24 leaders from both parties and the Governor's office to
25 introduce legislation which would lend the State's full faith
26 and credit to back all or part of the bonds issued to
27 construct a new baseball stadium.

28 5. King County. King County, at a minimum, shall:
29 a.) place a .1% sales tax increase on a general, primary or
30 special election ballot; b.) establish a public facility

1 district; c.) negotiate a memorandum of understanding to
2 commit the Mariners to stay in the region for a minimum of 20
3 years or for however long it takes to defease the bonds
4 issued to construct a new stadium; d.) impose a new baseball
5 stadium only admissions tax when construction on the new
6 stadium is complete and dedicate those revenues to the new
7 stadium, and; e.) contribute up to \$250 million toward the
8 construction costs of a new baseball stadium from new
9 revenues generated from a voter approved 0.1 percent increase
10 in the sales tax.

11 C. **Work Plan.** In addition to the task of negotiating a
12 memorandum of understanding, the King County Council requests
13 that the executive complete the following work items before
14 the Council considers the issue of whether to place the 0.1%
15 sales tax on the ballot for voter review:

16 1. Develop a 20 year financial plan showing financing
17 for the new stadium, Kingdome roof repair, Kingdome major
18 maintenance plan, and improvements to Kingdome for the
19 Seahawks under the various revenue options available under
20 2ESSB 6049 and SSB 5127.

21 2. Identify and recommend preferred governance,
22 financing and management options that are available under
23 2ESSB 6049 and SSB 5127.

24 3. Develop and maintain a 20 year financial plan for
25 the operation of the baseball only stadium and the Kingdome.
26 The purpose of the plan would be to: a.) demonstrate the
27 operational impact the new baseball stadium would have on the
28 Kingdome; b.) to evaluate various potential lease agreements
29 between the Mariners and the public facilities district; c.)
30 to test whether the Mariners and a new stadium can generate

1 enough revenue to cover the operating costs of the new
 2 stadium while at the same time curbing the financial losses
 3 of the Mariners.

4 4. Develop an estimated new stadium project cash flow
 5 analysis showing expected tax proceeds, estimated cash
 6 outflows, estimated earnings on cash balances, and total
 7 capital costs to require bonding.

8 5. An analysis and recommendation on whether to issue
 9 taxable or tax-exempt bonds for the Kingdome roof and ceiling
 10 improvements, and a new stadium.

11 6. Work with the Mariners and interested parties to
 12 determine the best possible site for a new baseball stadium,
 13 and make a recommendation to the King County Council on where
 14 to site the facility.

15 7. Work to establish King County as the lead agency
 16 in any future SEPA process for a new facility.

17 **D. Executive Reporting Requirement.** If the executive
 18 is unable to achieve any of the King County Council's goals
 19 or work tasks contained in this motion, the executive shall
 20 communicate in writing the reasons as to why the executive
 21 was unable to follow the Council's wishes.

22 PASSED by a vote of 12 to 1 this 26th day of

23 June, 1995.

24 KING COUNTY COUNCIL
 25 KING COUNTY, WASHINGTON

26 Kent Pullen
 27 Chair

28 ATTEST:

29 Gerald A. Peter
 30 Clerk of the Council