



## Seattle City Council

### Central Staff – Memorandum

**Date:** February 22, 2016  
**To:** Councilmember Tim Burgess  
**From:** Dan Eder, Patricia Lee and Ketil Freeman, Central Staff  
**Subject:** Seattle Times KeyArena Article

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You requested that Central Staff review the accuracy of the Seattle Times article, *City Brushed off feasibility of NHL,NBA at KeyArena* by Geoff Baker.<sup>1</sup> The article contains factual errors and also demonstrates a muddled understanding of the purpose for the following two reports: (1) a study entitled *Identification and Evaluation of Options for Key Arena* by AECOM (AECOM Study) and (2) the Environmental Impact Statement (EIS) for the SODO arena.

Each report was developed for a distinctly different purpose. The AECOM Study was developed to analyze options for maintaining KeyArena as a vital and contributing asset at Seattle Center. The EIS was developed to disclose the impacts on the built and natural environment of developing the SODO arena.

This memo describes the origin and purpose of each study, identifies factual errors in the article, and discusses some erroneous conclusions by Mr. Baker. A timeline for both studies is also included at Appendix A.

#### AECOM Study

The call for a study of the KeyArena originated with [Ordinance 124019](#) in October 2012,<sup>2</sup> which authorized then-Mayor Mike McGinn to enter into a Memorandum of Understanding (MOU) with King County and ArenaCo. Among other things the MOU establishes the rights and responsibilities of the parties with respect to actions necessary to complete the SODO arena project, including environmental review and a planning process for KeyArena. The MOU provides that:

“During the 12 months following approval of the MOU, the City will lead a planning process to evaluate options for the future of Key Arena or the Key Arena site... The goal of this process will be to identify an option(s) that is financially sustainable and that significantly contributes to the vitality of Seattle Center. As part of this process, the City will consider the interests of Key Arena’s current tenants and their role in ensuring the future success of Key Arena and the Key Arena site and the new Arena...”<sup>3</sup>

This provision of the MOU reflects the City’s ongoing interest in determining what the financial impact of a new arena in SODO would have on the range of current and future uses at KeyArena and the overall vitality of Seattle Center. The purpose of the AECOM study was to explore how to achieve that interest.

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<sup>1</sup> Seattle Times (February 13, 2016), available at <http://www.seattletimes.com/sports/city-brushed-off-feasibility-of-nhl-nba-at-keyarena/>.

<sup>2</sup> [http://clerk.ci.seattle.wa.us/~archives/Ordinances/Ord\\_124019.pdf](http://clerk.ci.seattle.wa.us/~archives/Ordinances/Ord_124019.pdf).

<sup>3</sup> MOU at Section 22.a.

Section 3.b. of the MOU provides further that:

“Development Costs’ ...[includes] up to \$150,000 in costs and expenses actually incurred by the City to assess the future of uses of Key Arena or the Key Arena site. ArenaCo shall reimburse the City and County for all reasonable and documented Development Costs...”

Pursuant to the MOU, the Council retained AECOM in June 2014 to study options for KeyArena. Initial options analyzed by AECOM included:

1. Maintaining KeyArena in a configuration that would allow ongoing use by current basketball tenants, Seattle Storm and Seattle University, as well as use for other entertainment events, such as concerts;
2. Repurposing KeyArena as an entertainment venue that could function without basketball tenants; and
3. An open-ended option of repurposing KeyArena in a manner that is consistent with Seattle Center’s purpose statement.

All original options to be evaluated in the AECOM scope of work included the assumption that a SODO arena would be built.

The Council amended the contract twice to add other options and provided additional funding beyond the amount eligible for reimbursement from ArenaCo. In September 2014, the Council added two options to be considered under a scenario in which the SODO arena *is not built*: (1) maintaining KeyArena in its current configuration and (2) renovating KeyArena such that it could host an NBA or NHL team. In January 2015, the Council expanded the scope again to include an option whereby the KeyArena site would be redeveloped with work force and market rate housing.

### Environmental Impact Statement

The EIS is a requirement of the State Environmental Policy Act (SEPA). Proponents of projects subject to SEPA review that are determined to have probable, significant, and adverse impacts must prepare an EIS.<sup>4</sup> For project-specific actions, the purpose of an EIS is to disclose impartially to decision-makers potential impacts associated with a project and to compare those to potential impacts under a range of reasonable alternatives. The SODO arena EIS was prepared by City staff and consultants to analyze the impacts of Chris Hansen’s proposed arena. The SODO arena EIS included five alternatives:

1. A no action alternative;
2. The proposed 20,000 seat SODO arena;
3. A smaller 18,000 seat SODO arena;
4. Demolition and replacement of KeyArena with a 20,000 seat arena; and
5. Demolition and replacement of Memorial Stadium at Seattle Center with a 20,000 seat arena.

The EIS clearly identifies the SODO arena as the proposed project. The City considered a range of alternatives to allow comparison of environmental impacts, not because they are the alternatives the City was contemplating developing.

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<sup>4</sup> RCW 43.21C.031.

## Discussion

Mr. Baker's article conflates the purposes of the AECOM Study and the EIS. Mr. Baker writes that the AECOM Study contradicts a decision somehow made through the EIS process to "discard" a KeyArena rebuild.

"The report contradicted an earlier Environmental Impact Statement (EIS) last May on a \$490 million Sodo District arena project pitched by entrepreneur Chris Hansen. State law required that the EIS study explore alternative sites, yet it discarded a KeyArena remodel as unworkable and reviewed only the option of a demolition and rebuild to add space for an NHL ice surface and seating."

Mr. Baker suggests that a KeyArena remodel alternative was "discarded" in order to avoid choosing this alternative. However, the purpose of the EIS is to disclose environmental effects and to assist decision-makers in evaluating the impacts of a range of options against the preferred alternative.

Before the EIS was begun, ArenaCo had declared that they would not be interested in participating in a remodel of Key Arena. A remodel of Key Arena would not have been a reasonable alternative to ArenaCo's project, even if it were a reasonable alternative for the City to consider. The EIS will have served its purpose if it fully evaluates the potential effects for a full range of reasonable alternatives, and it does so. On the other hand, the purpose of the September 2014 AECOM Study scope changes was to inform the City about its own options for redeveloping KeyArena.

Alternatives for the EIS were identified in 2012. Mr. Baker's article is factually incorrect in stating that the EIS Study was "discarded." Consistent with the 2012 list of alternatives, the Final EIS fully evaluated the potential environmental impacts of building a new arena on the existing KeyArena site. The EIS Study did not specifically evaluate a *remodel* of the existing KeyArena facility, but it seems reasonable to assume that demolition and construction of a new arena at the KeyArena site would have at least as many environmental effects as a remodel alternative.

Mr. Baker implies that the existence of the AECOM study was concealed from EIS planners.

"As to why AECOM's discoveries weren't incorporated, EIS planners say they never saw the information and that a 45-day public comment period ahead of the Sodo study's preparation expired Sept. 30, 2013. John Shaw, a senior transportation planner who coordinated the EIS for the city, said it would have been unusual to accept new information after that date."

On September 30, 2013, the solicitation for the contract that would ultimately be awarded to AECOM was three months away from being issued. There were no "discoveries" to incorporate; there was no study. A synopsis of key timeline events is provided in Appendix A below.

Finally, in a separate article Mr. Baker posits a false choice by asking:

“Why build a Sodo venue for \$490 million using \$200 million in public bonds? Especially when the \$290 million private contribution toward that project would finance the entire KeyArena renovation?”<sup>5</sup>

The question assumes that there is a hypothetical investor willing to contribute to a KeyArena rebuild. Today the City has an agreement with ArenaCo to work toward development of a SODO Arena. An arena at that site is the only known alternative in which ArenaCo is willing to invest.

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<sup>5</sup> *Chris Hansen’s Sodo arena place could face battle from Obama proposal*, Seattle Times (February 14, 2016), available at <http://www.seattletimes.com/sports/bond-funded-sodo-arena-site-could-face-battle-from-obama-proposal-aecom-study/>.

**Appendix A: EIS and AECOM Study Timelines**

	<b>EIS</b>	<b>AECOM Study</b>
<b>October 2012</b>	City issues a determination of significance requiring an EIS and a scoping notice. The scoping notice is to solicit public comment on the range of Alternatives and elements of the environment to be analyzed in the EIS.	City passes Ordinance 124019 authorizing the Mayor to enter into an MOU with ArenaCo and King County for development of a SODO arena. The MOU contemplates that the City will evaluate options for future use of KeyArena.
<b>November 2012</b>		Council makes appropriations in the 2013 adopted budget to contract for consultant services to perform the evaluation.
<b>August 2013</b>	City issues the Draft EIS and solicits comments on the draft.	
<b>December 2013</b>		Council issues the solicitation for consultant services.
<b>June 2014</b>		Council executes a contract with AECOM, the successful respondent to the solicitation. The scope for the contract identifies the initial three alternatives.
<b>September 2014</b>		Council amends the contract to include an option whereby KeyArena is remodeled to serve as an NBA/NHL facility.
<b>November 2014</b>		AECOM presents interim findings to the Council.
<b>January 2015</b>		Council amends the contract to expand an option to include the development of workforce and market rate housing on the KeyArena site.
<b>May 2015</b>	City issues the Final EIS.	AECOM submits draft report.
<b>June 2015</b>		Council amends the contract to extend the contract term to allow AECOM to complete the report and AECOM issues the final report on June 19 <sup>th</sup> .