

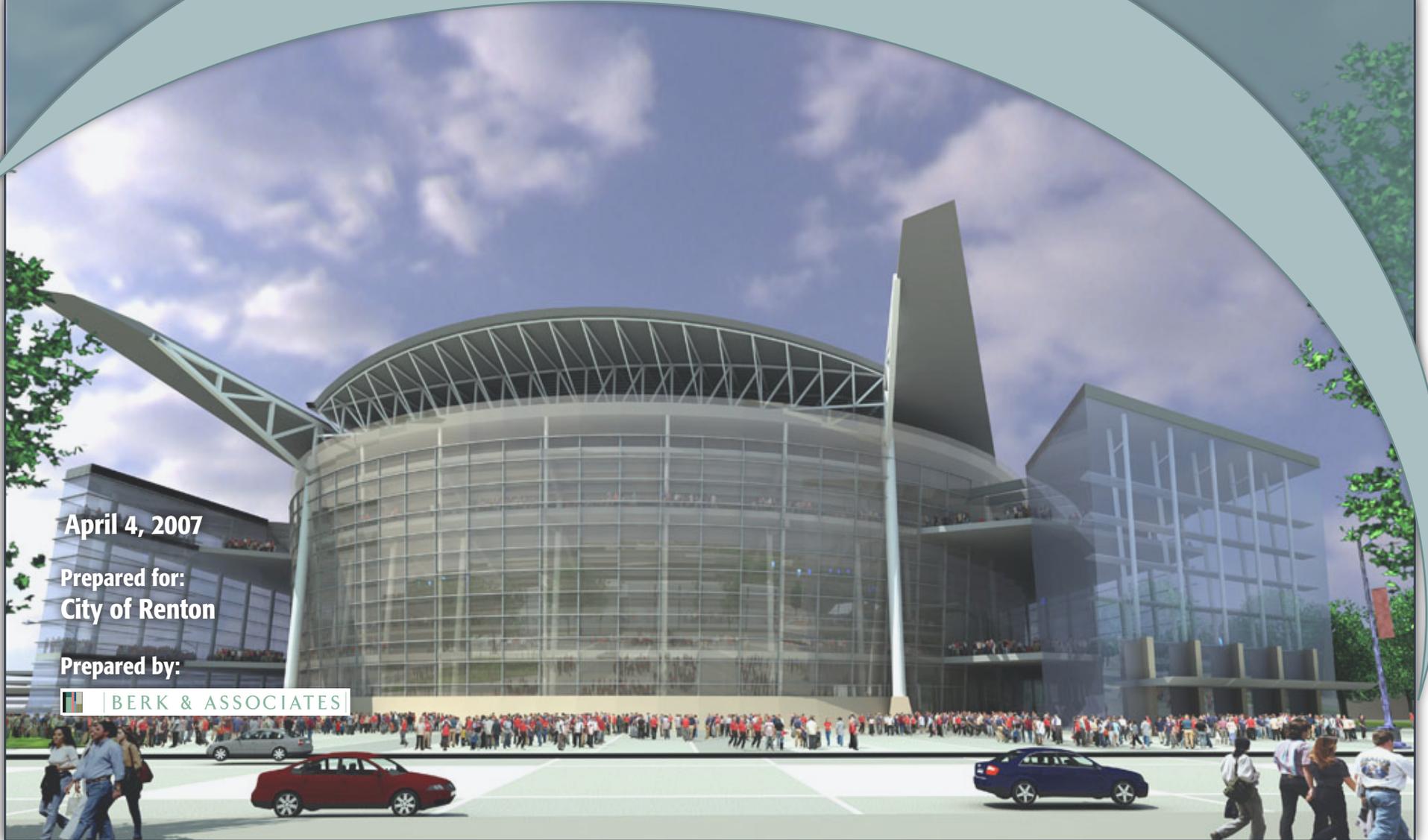
An Economic & Fiscal Benefits Assessment of the Proposed King County Events Center



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Prepared for:
City of Renton

Prepared by:



SUMMARY OF FINDINGS



The purpose of this report is to summarize the results of an economic and fiscal benefit assessment of the King County Events Center conducted on behalf of the City of Renton. The focus of this analysis was on the identification of potential benefits of the Events Center from the local, county and state perspectives. It is important to note that this is not a comprehensive cost-benefit study, as the cost implications of the project are not a part of this review.

The assessment is built largely on existing source documents, including the 2005 KeyArena Economic Study. The analysis relates the potential schedule of events at the new facility with local and visitor spending plus spending related to Events Center operations, and considers the economic and fiscal benefits of this activity. These potential benefits are segmented based on the following key factors:

- o **Schedule.** There are two schedules: one considered a core events schedule of 153 event days, consisting primarily of Sonics and Storm plus miscellaneous other events; and the other considered a full schedule of 223 event days, which adds the NHL, pro sports playoffs, a high-impact sporting event every other year and two high-impact conventions.
- o **At-Risk Events.** The schedule is further split into events that could otherwise be hosted in the region and those that would not happen without the new Events Center. The latter are identified as the At-Risk events.
- o **Geography and "New Money."** A key consideration in economic benefit analysis is identifying the net new demand for local goods and services. This comes down to identifying the "New Money" or the dollars that are imported from outside the area. The "New Money" will vary according to the geography of the analysis -- local, county and state.

Total all events represents the overall magnitude of the economic activity associated with Events Center events. This measure captures the total output, wages and jobs but does **not** exclude the portion of the spending could occur in the region absent the events. The following are the key findings for the overall gross level analysis for each potential schedule. All numbers are in millions of 2007 dollars and the taxes show the present value resulting from 25 years of Events Center operations.

Economic Implications	Core	Full	Tax Revenues	Core	Full
Total Spending	\$190.7	\$358.7	State of WA	\$161.3	\$257.1
Output (ex. Const)	\$204.2	\$406.4	King County	\$15.2	\$29.5
Jobs (ex. Const.)	2,875	5,799	City of Renton	\$12.5	\$20.5
Wages (ex. Const.)	\$104.5	\$204.1	Other Local	\$15.3	\$33.3

At-risk events captures the overall magnitude of the economic activity associated with only those events that would otherwise not take place somewhere in the region without the King County Events Center. The economic activity associated with these events represents what could be affected by the loss of these events. The magnitude of the loss will depend on how money that is currently spent on these events would be re-spent. It is tempting to think that locally-generated spending on At-Risk events will be recaptured through redistribution effects. In reality, however, it is almost certain that in their spending, some of these dollars will miss (or "leak" out of) the local economy.

Economic Implications	Core	Full	Tax Revenues	Core	Full
Total Spending	\$129.2	\$291.6	State of WA	\$112.1	\$205.0
Output (ex. Const)	\$152.5	\$349.2	King County	\$10.9	\$24.8
Jobs (ex. Const.)	2,090	4,937	City of Renton	\$12.5	\$20.5
Wages (ex. Const.)	\$86.4	\$184.1	Other Local	\$11.0	\$28.6

County-level "New Money" impacts from at-risk events focuses on the effect of the spending from imported dollars and represents the minimum likely economic impact of losing these events. At-Risk "New Money" to King County considers the impact from the perspective of the County and as such includes dollars that originate outside the county, such as spending by out-of-county visitors. The multiplier effects were adjusted to reflect only the share of indirect and induced effects that would likely stay in the county.

Economic Implications	Core	Full	Tax Revenues	Core	Full
Total Spending	\$74.4	\$173.1	King County	\$8.5	\$19.6
Output (ex. Const)	\$81.7	\$191.6	Other Local	\$9.9	\$28.6
Jobs (ex. Const.)	1,134	2,778			
Wages (ex. Const.)	\$49.4	\$104.6			

State-level "New Money" impacts from at-risk events considers the impact from the perspective of the State and only includes dollars that originate from out-of-state, such as spending by out-of-state visitors and the effects of "imported" business income such as NBA league revenues as these are spent on local wages, goods and services. This represents the minimum likely economic impact to the State of losing these events.

Economic Implications	Core	Full	Tax Revenues	Core	Full
Total Spending	\$41.4	\$99.7	State of WA	\$59.8	\$105.9
Output (ex. Const)	\$68.1	\$169.9			
Jobs (ex. Const.)	932	2,437			
Wages (ex. Const.)	\$38.2	\$84.4			

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INTRODUCTION AND PURPOSE OF STUDY

INTRODUCTION

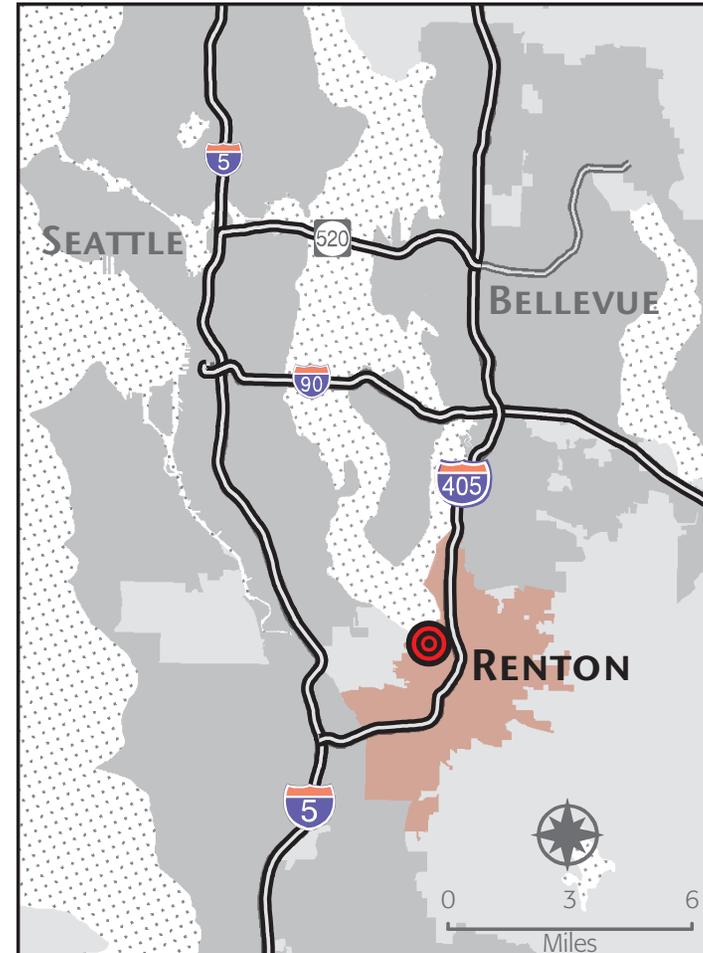
On February 13, 2007, the Professional Basketball Club, LLC, owners of the Seattle Sonics & Storm professional basketball franchises, announced the selection of a site in the City of Renton as its preferred location for a new multi-purpose arena. This facility (the King County Events Center) would become home to the Sonics and Storm when the teams' current lease at KeyArena in Seattle expires, as well as to a wide variety of additional sporting, cultural, and corporate events. The funding package that would enable the proposed Events Center is currently under consideration by the State Legislature.

With the Events Center proposal still under consideration, the City of Renton has begun its own process of evaluating the fiscal and economic merits of the proposed facility, which would be located in the heart of a prime redevelopment area.

Toward this end, the City of Renton contracted with Berk & Associates to prepare an assessment of the potential economic and fiscal benefits of the proposed Events Center for its local tax base, as well as potential economic and fiscal benefits at the local, county and state levels.

Purpose of this Assessment

The purpose of this report is to summarize the results of Berk & Associates' economic and fiscal assessment. The focus has been on the identification of potential benefits of pursuing the development of the King County Events Center. It is important to note that this is not a complete cost-benefit study, as the cost implications of the project are not a part of this review.



ECONOMIC BENEFIT ANALYSIS

Any positive economic benefits associated with the development and operation of the Events Center will be the result of increases in net local spending, which in turn increases the demand for local labor, goods or services. Examples of spending that will have a positive impact:

- Spending by visiting teams on food and lodging that would otherwise not be spent in the region
- Spending by fans that come from out-of-the state or county for a specific event, such as an NCAA regional or a NBA basketball game
- Team revenue earned from outside the area, such as shared league revenue, that is spent in part on local expenditures

Examples of spending that will not likely have an impact:

- Local expenditures for tickets or event-related activities that otherwise would be spent locally
- Local advertising and sponsorships including television and radio broadcasts, which could be redeployed to other uses locally

Total Spending Versus New Money

This study seeks to model how the proposed King County Events Center might operate, identifying total spending and income associated with events and building operation. The analysis then parses the flow of money to distinguish between “New Money” (dollars that originate outside the area of study) and “local money”, which originates within the study area.

Geography matters when considering economic impacts. From a state perspective the only spending that will have a positive economic impact is (1) spending from out-of-state visitors, (2) other imported dollars such as shared league revenues, or (3) local spending that could be diverted to out-of-area expenditures or to local uses that generate fewer economic impacts. From a King County perspective the impacts could be larger since they would be related to dollars that are imported into the County, including from other parts of the state. Finally from the City of Renton perspective, all of the potential activity in the proposed Events Center could be considered net new spending.

At-Risk Events

A number of events that would likely be hosted at the new Events Center could be hosted elsewhere in the region, while others are unlikely to happen without the new facility. The true economic value of the new building will be related only to the events that would otherwise not occur in the region. These events are identified as the At-Risk events. The magnitude of the economic value will likely fall somewhere between all of the activity associated with the At-Risk event and the smaller “New Money” portion.

It is tempting to think that locally-generated spending on At-Risk events will be recaptured through redistribution effects. In reality, however, it is almost certain that in their spending, some of these dollars will miss (or “leak” out of) the local economy.

This is particularly true if the redistributed pool of dollars is quite large, as could be the case with a season ticket holder. In this case, the individual (or corporation) will have many options including some that could take a large share of the money out of the state, such as a trip to Italy, travel to nearby communities to enjoy the NBA, or any other expenditure with little or no local component. Since season tickets often account for more than 50% of total ticket sales, the issue of redistributed spending is a key question in assessing the potential impact of the proposed Events Center.

Key Data Source

Given the importance of the spending and visitor profiles, it is fortunate that the 2005 KeyArena Study included original survey work that focused on narrowly defining economic activity associated with KeyArena events, both fan-based and business-based. These results were used extensively in the development of this analysis, which included good locally-derived data on the following key variables:

- Where people were coming from
- How much they spent and on what
- The business spending of operations in the Events Center, including labor expenditures by type of employee

EVENT SCHEDULE AND ATTENDANCE ASSUMPTIONS

Attendance

Exhibit 1 presents the summary of events, average and total attendance, and the estimated number of visitors to King County and from out-of-state. The core schedule results in approximately 1.5 million average attendees per year, with 590,000 visitors to King County, of which 120,000 come from out-of-state. The At-Risk events are estimated to account for 53% (822,750 out of 1,546,850) of the attendance, 56% (330,843 out of 592,853) of County visitors and 94% (112,275 out of 119,066) of out-of-state visitors.

The additional events would increase total attendance to approximately 2.5 million average attendees per year, with 1 million coming from outside King County, of which 300,000 come from out-of-state. In the full schedule, the At-Risk events are estimated to account for 70% (1,749,800 out of 2,488,900) of the attendance, 73% (735,832 out of 1,009,842) of County visitors and 95% (280,703 out of 296,493) of out-of-state visitors.

Event Schedule

The facility event and attendance assumptions are divided into a **Core Schedule**, which is a relatively narrow definition of the events for the new facility, and **Potential Additional Events**, which add incremental activity that could fill out the remaining schedule.

- o **Pro Sports** include the Seattle Sonics and Storm regular seasons in the core, with the NHL and all playoffs added as potential additional events. Playoffs are assumed to occur every other year (since 1990, the Sonics have been in the playoffs 11 years and hosted 54 games; more than half of all NBA teams advance to the playoffs each year). The NHL is assumed to be potentially added in 2015.
- o **Concerts/Entertainment** could include concerts of various sizes plus assorted other entertainment and regionally focused activities such as the circus, ice shows, pro wrestling, dirt shows, and high school sports. All events are assumed to be part of the core schedule.
- o **Conventions/Meetings** include conventions, consumer shows and large corporate meetings. The core schedule includes one low-impact convention (e.g. consumer show) and five large corporate meetings. The additional potential events add two high-impact conventions (80% out-of-state visitor share) and five more large corporate meetings.
- o **High-Impact Sports** are sporting events with a large visitor component and could include NCAA and other national/international tournaments and championship events for figure skating, gymnastics, volleyball, basketball or hockey. The analysis assumes one event every two years and none in the core schedule.

EXHIBIT 1: ATTENDANCE SUMMARY

Core Events	% At Risk	Events per Year	Average Event Days/Yr	Per Event-Day Attendance	Average Annual Attendance	King County Visitor Days	Out-of-State Visitor Days
Sonics	100%	1.0	43.0	15,000	645,000	229,620	48,375
Storm	100%	1.0	18.0	6,000	108,000	38,448	8,100
Large Concert	0%	8.0	8.0	14,900	119,200	48,306	5,215
Med Concert	0%	9.0	9.0	10,000	90,000	33,489	1,575
Small Concert	0%	8.0	8.0	5,300	42,400	14,840	0
Other Entertainment	0%	24.0	52.0	8,750	455,000	159,250	0
Corporate Meetings	100%	5.0	10.0	6,975	69,750	62,775	55,800
Consumer Show	0%	1.0	5.0	3,500	17,500	6,125	0
Total			153.0	10,110	1,546,850	592,853	119,065
Pro Sports			61.0		753,000	268,068	56,475
Concerts/Entertainment			77.0		706,600	255,885	6,790
Conventions/Meetings			15.0		87,250	68,900	55,800
High-Impact Sports			0.0		0	0	0

Additional Potential	% At Risk	Events per Year	Average Event Days/Yr	Per Event-Day Attendance	Average Annual Attendance	King County Visitor Days	Out-of-State Visitor Days
Sonics Playoffs	100%	0.5	2.5	17,500	43,750	15,575	3,281
Storm Playoffs	100%	0.5	2.0	12,000	24,000	8,544	1,800
NHL	100%	1.0	45.0	15,000	675,000	240,300	50,625
NHL Playoffs	100%	0.5	2.5	17,500	43,750	15,575	3,281
Corporate Meetings	100%	5.0	10.0	6,975	69,750	62,775	55,800
High-Impact Convention	100%	2.0	6.0	9,300	55,800	50,220	44,640
High-Impact Sports	50%	0.5	2.0	15,000	30,000	24,000	18,000
Total			70.0	13,458	942,050	416,989	177,428
Pro Sports			52		786,500	279,994	58,988
Concerts/Entertainment			0		0	0	0
Conventions/Meetings			16		125,550	112,995	100,440
High-Impact Sports			2		30,000	24,000	18,000

Grand Total			223.0	11,161	2,488,900	1,009,842	296,493
Pro Sports			113.0		1,539,500	548,062	115,463
Concerts/Entertainment			77.0		706,600	255,885	6,790
Conventions/Meetings			31.0		212,800	181,895	156,240
High-Impact Sports			2.0		30,000	24,000	18,000

Grand Total At-Risk Events	140.0	12,499	1,749,800	735,832	280,703
Total At-Risk Core Events	71.0	11,588	822,750	330,843	112,275
Total At-Risk Potential Events	69.0	13,436	927,050	404,989	168,428

Sources: KeyArena Study, Icon Venue Group, Berk & Associates

FAN AND PARTICIPANT SPENDING

Attendee Spending and Origin Assumptions

From an economic benefit perspective, the key drivers are attendee spending and visitor estimates. Event-related spending is based primarily on the spending patterns identified in the KeyArena survey and reported in the 2005 KeyArena Study. These surveys provided a basis for identifying the purpose of the trip, where attendees were coming from, how much money they were spending and on what they were spending their money. The surveys were careful to focus responses on spending that was directly related to attendance at an event at KeyArena. Exhibit 2 summarizes the per-capita spending assumptions.

- o **Pro Sports** draw primarily from within King County (64%), though there are a number of visitors from outside of King County and from out-of-state.
- o **Concerts/Entertainment** were divided into high- and low-impact events based on both the potential draw and average spend factors. The majority of events are assumed to be primarily regional in nature (low-impact).
- o **Conventions/Meetings** includes primarily a mix of high-impact conventions and meetings (significant visitor shares and high per-capita spending) and one consumer trade show with a predominantly regional draw and no out-of-state visitors.
- o **High-Impact Sports** are sporting events assumed to draw from a wider area and have a marginally higher per-capita spend than Pro Sports.

Total Spending Estimates

The per-capita spending estimates are combined with the attendance profile for each event to yield total spending for event-related activities. **Fan and participant spending** is summarized in Exhibit 3. The Core Schedule is estimated to generate total spending of \$139.8 million, mostly coming from Pro Sports and Concerts/Entertainment. Of this amount, 57% (\$80.0 M) is provided by the At-Risk events with 15% (\$21.6 M) coming from out-of-state (State "New Money") and 51% (\$70.9 M) coming from outside King County (County "New Money").

The Full Schedule generates \$266.8 million by adding additional Pro Sports (NHL and NBA/WNBA playoffs), High-Impact Conventions (two per year), and High-Impact Sports (one every other year). These changes increase the At-Risk share of spending to 76% (\$201.9 M), the spending from out-of-state (State "New Money") to 26% (\$69.4 M), and the portion from outside King County (County "New Money") to 57% (\$151.1 M).

EXHIBIT 2: ATTENDEE PER-CAPITA SPENDING (2007\$)

	Origin of Attendee		
	Within King County	Rest of Washington	Out-of-State
Pro Sports			
Distribution of attendees	64%	28%	8%
Per capita daily spending (on-site)	\$55.74	\$71.93	\$84.37
Per capita daily spending (off-site)	\$21.14	\$32.82	\$56.19
Concerts/Entertainment			
Distribution of attendees	64%	35%	1%
Per capita daily spending (on-site)	\$46.98	\$64.03	\$106.00
Per capita daily spending (off-site)	\$30.55	\$50.32	\$100.57
Conventions/Meetings			
Distribution of attendees	15%	12%	73%
Per capita daily spending (on-site)	\$15.44	\$19.58	\$10.47
Per capita daily spending (off-site)	\$25.59	\$201.35	\$250.26
High-Impact Sports			
Distribution of attendees	20%	20%	60%
Per capita daily spending (on-site)	\$67.29	\$88.27	\$103.80
Per capita daily spending (off-site)	\$32.80	\$53.18	\$102.96

Sources: KeyArena Study, Veris Consulting, LLC, Berk & Associates

Note: The convention/meeting assumptions are largely based on the ExPact 2004 Convention Expenditure and Impact Study (with 2005 updates) conducted by Veris Consulting for the International Association of Convention and Visitor Bureaus.

EXHIBIT 3: SPENDING SUMMARY

(2007 Dollars in Millions)

Core Events Only	Total	At-Risk	Other
Pro Sports	67.2	67.2	0.0
Concerts/Entertainment	58.5	0.0	58.5
Conventions/Meetings/Consumer shows	14.2	12.9	1.3
High Impact Sports/NCAA	0.0	0.0	0.0
Total	139.8	80.0	59.8
State "New Money"	21.6	20.3	1.3
County "New Money"	70.9	43.4	27.5

Full Schedule	Total	At-Risk	Other
Pro Sports	150.3	150.3	0.0
Concerts/Entertainment	58.5	0.0	58.5
Conventions/Meetings/Consumer shows	47.7	46.4	1.3
High Impact Sports/NCAA	10.3	5.2	5.2
Total	266.8	201.9	64.9
State "New Money"	69.4	64.5	5.0
County "New Money"	151.1	119.0	32.1

Source: Berk & Associates

ONGOING EVENT-RELATED ECONOMIC ACTIVITY

The annual operations of the proposed Events Center will support a significant amount of economic activity as the spending by fans and participants works its way through the local economy. To analyze the magnitude of these economic effects, the spending estimates were converted to industry-level inputs and analyzed using the State of Washington Input-Output model. The analysis, summarized in Exhibit 4, was conducted for both the Core Schedule and the Potential Full Schedule, and from the following perspectives:

Total all events represents the overall magnitude of the economic activity associated with Events Center events. This measure captures the total output, wages and jobs and does **not** exclude the portion of the spending that could occur in the region absent the events.

- o Annual economic activity is estimated to be \$204.2 M for the Core Schedule to \$406.4 M for the Full Schedule.
- o Jobs related to this activity range from 2,875 to the potential of 5,799 with the full schedule and account for wages of \$104.5 M to \$204.1 M.

At-Risk events captures the magnitude of the economic activity associated with only those events that would otherwise not take place in the region and represents the activity that would be affected by the loss of these events. The magnitude of the loss will depend on how money that is currently spent on these events would be re-spent.

- o Annual economic activity is estimated to be \$152.5 M for the Core Schedule to \$349.2 M for the Full Schedule.
- o Jobs related to this activity range from 2,090 to the potential of 4,937 with the full schedule and account for wages of \$86.4 M to \$184.1 M.

New money impacts from At-Risk events focuses on the effect of the spending from imported dollars and represents the minimum likely economic impact of losing these events. At-Risk "New Money" to King County considers the impact from the perspective of the County and as such includes spending by out-of-county visitors. The multipliers were adjusted to reflect only the share of indirect and induced effects that would likely stay in the county.

- o Total economic activity is estimated to be \$81.7 M for the Core Schedule and \$191.6 M for the Full Schedule.
- o Jobs related to this activity range from 1,134 to the potential of 2,778 with the full schedule and account for wages of \$49.4 M to \$104.6 M.

EXHIBIT 4: ECONOMIC ACTIVITY SUMMARY (2007 Dollars in Millions)

	Total - All Events	At-Risk Total	At-Risk "New Money" King County	At-Risk "New Money" State of WA
CORE SCHEDULE ONLY				
Output Total	\$204.2	\$152.5	\$81.7	\$68.1
Direct - onsite (business expenditures)	50.9	49.1	31.0	21.1
Direct - offsite spending	56.8	34.1	21.3	15.9
Indirect and induced	96.5	69.2	29.5	31.2
Wages Total	\$104.5	\$86.4	\$49.4	\$38.2
Direct - onsite (business expenditures)	38.9	38.5	24.3	16.5
Direct - offsite spending	21.4	13.0	8.1	6.1
Indirect and induced	44.1	34.9	17.0	15.5
Jobs Total	2,875	2,090	1,134	932
Direct - onsite (business expenditures)	204	200	126	86
Direct - offsite spending	1,207	727	454	329
Indirect and induced	1,464	1,163	554	517
TOTAL EVENT SCHEDULE				
Output Total	\$406.4	\$349.2	\$191.6	\$169.9
Direct - onsite (business expenditures)	91.8	89.7	54.1	35.2
Direct - offsite spending	120.4	95.5	64.4	52.7
Indirect and induced	194.1	164.0	73.1	82.0
Wages Total	\$204.1	\$184.1	\$104.6	\$84.4
Direct - onsite (business expenditures)	71.3	70.9	42.7	27.8
Direct - offsite spending	45.7	36.4	24.7	20.3
Indirect and induced	87.0	76.9	37.2	36.3
Jobs Total	5,799	4,937	2,778	2,437
Direct - onsite (business expenditures)	361	360	217	141
Direct - offsite spending	2,551	2,022	1,370	1,094
Indirect and induced	2,887	2,555	1,191	1,202

Sources: Berk & Associates

At-Risk "New Money" to the State of Washington considers the impact from the perspective of the State and only includes spending by out-of-state visitors and "imported" business income such as NBA league revenues.

- o Economic impacts are estimated to be \$68.1 M for the Core Schedule and \$169.9 M for the Full Schedule.
- o Jobs related to this activity range from 932 to the potential of 2,437 with the full schedule and account for wages of \$38.2 M to \$84.4 M.

CONSTRUCTION-RELATED ACTIVITY

The development of the King County Events Center will also generate economic impacts associated with the construction of the facility. The analysis of the construction impacts follows a similar approach as that used for the analysis of ongoing operations, with the following adjustments:

- o There is no distinction based on the At-Risk events. The assumption is that either the construction will occur or not and the At-Risk events are dependent on the building and not the other way around.
- o Accounting for the "New Money" requires assumptions about the source of funding for the construction. The current funding concept would include revenue from a state sales tax credit of King County sales tax collections, an extension of King County taxes that primarily target visitors and unspecified local and private contributions.

Based on these factors and a review of preliminary construction cost estimates, the following assumptions were made in the assessment of the potential construction impacts:

- o Of the total estimated development costs of approximately \$500 million, direct construction costs are estimated to be approximately \$390 million. The construction spending is expected to be spread over a three-year period.
- o The entire direct construction spending amount is assumed to be "New Money" to King County, since the sources of funding would generally be funds that represent imported dollars (taxes on visitors) or re-imported dollars (the state sales tax credit that otherwise might not be spent in King County).
- o The direct construction cost spending is discounted by 54% (the state sales tax share of the specified proposed sources of funding). The balance is assumed to be imported dollars at the state level.

Exhibit 5 presents the results of the economic analysis of construction.

Total of all construction activity represents the overall magnitude of the economic activity associated with Events Center development including the statewide indirect and induced relationships.

- o Total output is estimated to be \$794 M for the three-year period.
- o Jobs are estimated to total 8,357 and account for wages of \$287 M.

EXHIBIT 5: CONSTRUCTION-RELATED ACTIVITY (2007 Dollars in Millions)

CONSTRUCTION	Total (3-Yr Period)	"New Money" King County	"New Money" State of WA
Output Total	\$794.0	\$643.7	\$365.2
Direct construction spending	390.5	390.5	179.6
Indirect and induced	403.5	253.1	185.6
Wages Total	\$287.0	\$235.1	\$132.0
Direct construction spending	149.6	149.6	68.8
Indirect and induced	137.4	85.6	63.2
Jobs Total	8,357	6,752	3,844
Direct construction spending	3,826	3,826	1,760
Indirect and induced	4,531	2,925	2,084

Sources: Berk & Associates

The **King County "New Money"** is assumed to have the same direct impacts as the overall activity estimate, but only a share of the indirect and induced activity will be captured within the county.

- o Total output is estimated to be \$643.7 M for the three-year period.
- o Jobs are estimated to total 6,752, with wages of \$235 M.

The **State "New Money"** includes the discounted direct spending (excluding "redistributed" state investment) and the statewide indirect and induced impacts resulting from this "New Money" investment.

- o Total output is estimated to be \$365 M for the three-year period.
- o Jobs are estimated to total 3,844, with wages of \$132 M.

A FRAMEWORK FOR ASSESSING ECONOMIC DEVELOPMENT INVESTMENTS

As currently envisioned, an investment in the proposed King County Events Center would be a significant public investment designed to support economic development efforts at the local, county and state level. The previous discussion of potential economic benefits addresses only one of the potential ways in which the proposed facility might support long-term sustainable economic development.

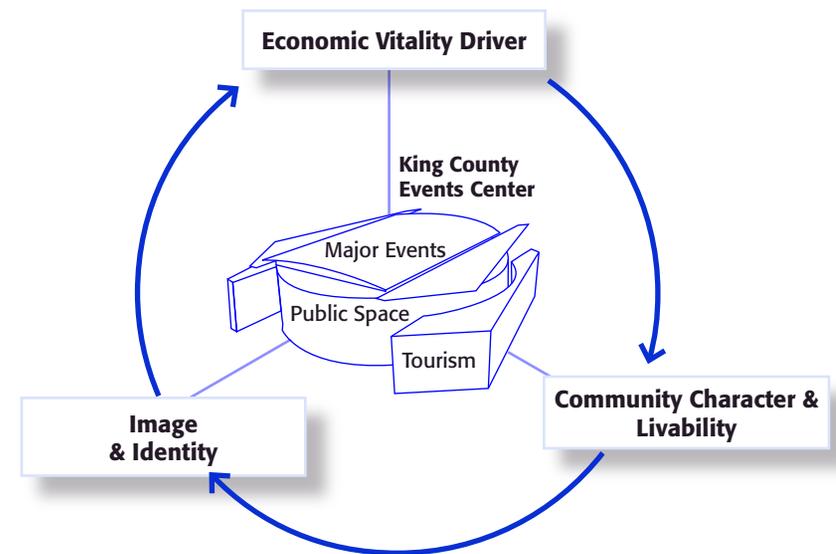
A framework for assessing the potential value of economic development assets is shown schematically in Exhibit 7. This three-part framework provides a basis for a comprehensive review of the economic development potential of a major event center. Each part offers another perspective on the issue of assessing the potential public value of the project.

Economic Vitality Driver has been the subject of this analysis and addresses issues such as potential increases in visitor spending and changes in the demand for local goods and services which can lead to direct employment benefits. As discussed previously there is an expected increase in economic activity associated with the development and operation of the proposed facility that will result in new jobs and additional tax revenues.

Community Character captures the potential of the Events Center to support the overall quality of life in the region. The biggest potential effect in this category is the ability to retain professional basketball and potentially add professional hockey to the array of cultural and entertainment options available to the community. The availability of a wide range of entertainment choices can enhance the ability of local businesses to attract and retain the best employees. This becomes increasingly important in a global economy where more and more skilled labor can choose where to live based on a variety of factors including quality of life and amenities.

Image and Identity relates to the potential role of the Events Center in terms of promoting the image of the state and region to national and international audiences through broadcast of some of the higher profile events that could be hosted. For example the NBA All-Star game or an international figure skating championship would be seen by millions of people around the world.

**EXHIBIT 7:
FRAMEWORK FOR SUSTAINABLE ECONOMIC DEVELOPMENT**



The identity component relates to the way that residents view the place where they live. Few events have greater ability to create an overall sense of community and a shared experience than a deep playoff run or a championship season by a local sports franchise. While it is difficult to measure the value of moments such as when almost 80% of Seattle-Tacoma area televisions were tuned in to watch the Seahawks beat the Carolina Panthers on January 22, 2006, they generate tremendous amounts of goodwill and become a part of the identity of a region.