SEATTLE

United States Conference of Mayors
(Mayors Professional Sports Alliance)
Seattle Project.

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Executive Summary

The following report represents an analysis of the challenges and barriers that Seattle, Washington faces to lure an NBA franchise back to the city. This analysis draws on available data and information as of December 15, 2013, to develop conclusions and offer recommendations about steps to be taken and potential prospects for professional sports in King County going forward.
Synopsis
From the outset, the Seattle SuperSonics faced an uphill battle to secure a new arena dating back to the mid-1990s. KeyArena, their home building, was outdated and ranked near the bottom of the table in terms of capacity and luxury suites, main drivers of revenue generation for the team. Despite having a successful team on the court early on in the process, the team received limited financial support from the municipal and state legislatures. After years of legal wrangling (including the team changing owners twice), the team acrimoniously departed in 2008.

In 2013, a group led by Chris Hansen attempted to purchase the Sacramento Kings and immediately relocate them to Seattle, a bid that was unsuccessful. To understand the magnitude of this loss, financial and otherwise, the report examined the infrastructure of Oklahoma City vis-à-vis Seattle. This included, but was not limited to: fans’ demand for a basketball team, and a complete analysis of the social, psychological, economic, and political landscape of the two cities, and the best course of action moving forward.

Purpose
Does Seattle need an NBA team? It has been five years since the Sonics left. KeyArena is still in need of major renovations and is still considered subpar under NBA arena guidelines, although the potential Seattle group has vowed to finance renovations once a team is acquired. We found that sports teams can provide additional benefits to the public in terms of civic pride, although it is difficult to quantify. The landscape has since changed in the past five years. Furthermore, most of the lawmakers who were opposed to funding a new arena are no longer in power. Mayor-elect Ed Murray will have to re-visit the issue once his administration takes office.

Recommendations
Pinnacle Consulting Group has proposed the following recommendations based on the research we have conducted over the past two months. These recommendations include:
- determine whether public or private funding for a new arena is the best course of action.
- The Convention and Visitors bureau should work with local residents and city officials to change the perception of the city from rain and coffee to a vibrant metropolis headlined by tourist destinations, attractions at Seattle Center and the surrounding areas. Emphasizing the hospitality and tourism side of Seattle will attract more visitors and interest in the city. The city should look at other markets in similar situations, and assess if an existing team would relocate to Seattle. We have identified the Milwaukee Bucks and the Memphis Grizzlies as two franchises that have a less than ideal agreement with their respective cities and ownership could possibly look to move or sell their team, albeit at a huge markup due to the lucrative TV contract on the horizon. We find it unlikely that the NBA would grant a 31st franchise to Seattle, but commissioner-in-waiting Adam Silver has not ruled it out. The preceding recommendations are a reflection of our thoughts on this complex matter. We recognize that the city is at a crossroads and will make some decisions in the near future that will impact the landscape for years to come. We are optimistic that Seattle will once again have an NBA team in the near future.
Introduction

Seattle is an eclectic city whose residents have historically prided themselves on fostering a communal environment that is consistent with American values in the Pacific Northwest. We found that the residents are generally the type who sincerely care whether a visitor has a memorable experience visiting their city, and the diverse array of attractions Seattleites have grown accustomed to dating back to the 1962 World’s Fair make Seattle somewhat of a hidden gem within the American landscape.

Serving as a viable tourist attraction, Seattle-area professional sports teams have become much more than that. Die-hard fans of the Seattle Seahawks (National Football League) and the Sounders (Major League Soccer) turn up to support their teams in numbers unrivaled by any other franchise in their respective realms, espousing a fervor for the sport that represents not just a passion for the team itself, but the city the team represents and the players who fulfill their obligation as members of the Seattle community. The difference here is that the fans tend to feel not like they are watching a match, but that they are truly active participants in the contest. Whether they are aware of it or not, the fans become a sort of spectacle in their own right. So how did a community who shares an emotional symbiosis with its pro athletes lose its NBA franchise, the SuperSonics?

A strong aversion to public funding for sports arenas, state-wide budget deficits, and a lack of support from the NBA itself contributed to Seattle losing the Sonics, its first professional sports franchise, to Oklahoma City. Although the team’s departure has left both tangible and intangible marks on Seattle, one thing is for certain: Seattle has one less venue that encapsulates the essence of it’s being for residents and visitors to relish in and cherish.
Seattle has always been known for its rain and coffee. However, there is more to that than what the general perception perceives. Fact 1. Seattle receives 38" of rain annually and New York receives 43" annually, 5" more than Seattle. So why is Seattle’s reputation of being a rainy destination so prominent? Fact 2. Consumer price index between Seattle (93.76) and Boston (93.82) is almost similar, however, rent index is lower, Seattle scores 54.6 and Boston scores 69.42 according to Numbeo. Fact 3. Seattleites are sports people. However, because of inaccurate perceptions, visitors seem to misunderstand what the Seattle experience might be like. It’s crucial for the visitor’s bureau of Seattle to recreate a new identity that puts Seattle in positive light.

The 1962 World’s Fair was hosted by the city of Seattle and it was the impetus for some of the iconic Seattle attractions in existence today. The Space Needle was constructed as the keynote attraction for the Fair, a futuristic looking observation tower that remains the city’s most recognizable feature to this day. However, the Seattle of 2013 offers much more than its creations of the past to potential tourists. Don’t be fooled by the weather, Seattle is a city with many vibrant personalities whose strong sense of individuality and expressionism is reflected in the sights and scenes the region has to offer. Seattle is a city that tends to stray from the beaten path, and this means an all-encompassing dedication to the arts that makes it home to some of the most renowned and respected theaters in the nation. The casual diner will certainly find a delectable fusion of good food and tasteful music in one of the more than 80 venues with regular live music, and those with a taste for the arts who boast a slightly fatter pocketbook may find themselves spending an evening at the Seattle Opera. True to its inclusive nature, Seattle provides many other performing arts venues such as the Seattle Repertory Theatre and the 5th Avenue Theatre that guarantee those who desire will be able to satiate their thirst for theatrics’. Seattle is much more than the artsy image many
resign it to, and those tourists looking for some cerebral stimulation or attractions outside of the art community will not leave disappointed. Seattle is a Renaissance city, home to the original Boeing Headquarters within the Museum of Flight, as well as the EMP Museum, a ‘leading-edge, nonprofit museum dedicated to the ideas and risk-taking that fuel contemporary popular culture’. It is not often that a city with a rabid fan base will also boast a high concentration of talented artists, a bevy of breweries who had a hand in the microbrew revolution, and a world-class waterfront with related activities. The truth is, cities like Seattle truly do not come around often. Because three quarters of the nation’s hops, a key component in brewing, are produced in the nearby Yakima Valley, Seattle has accumulated one of the highest concentrations of breweries in any city. Manufacturers of suds such as Redhook Ale and Pike Brewing Company make their breweries open to the public, allowing for another dimension of tourism born out of the region’s natural resources. Tour guides walk guests through the fermentation process and even suggest combinations of food and beer that they can then enjoy at one of the many restaurants overlooking the Seattle waterfront. A tour of underground Seattle is offered at Pioneer Square, and Pike Place Market has long been a must-see for those hoping to understand Seattle’s historical significance. For many, Seattle conjures up images of gray skies and depressingly persistent rain and fog (actually, New York City gets more rain on an annual basis than Seattle does). We found that for those who have visited, their recollection of Seattle could not be more different. If anything, Seattle offers too many worthwhile attractions to fit into the average vacation, and that is before we even consider the professional sporting venues. Seattle is becoming decreasingly known as a diamond in the rough, and more so as just a diamond. In 2012 alone, 10.2 million out of town visitors took a trip to Seattle, creating $479 million in municipal and state tax revenues, and spending $5.9 billion overall. These visitors were responsible for sustaining the jobs of more than 53,500 Seattle residents, an illustration of just how intertwined Seattle’s residents and tourist’s are. A community that was ranked the #9 summertime tourist destination by the American Society of Travel Agents was rocked in 2008 by the sobering reality that their communal values and unity could not stop the departure of one of the city’s earliest tourist pull factors, the Seattle SuperSonics.
Quantitative Research of Tourism in Seattle

Major Industries and Commercial Activity

While Seattle has in the past been largely dependent on the aerospace industry (it is the headquarters of the Boeing Company, the world’s largest aerospace firm), the city’s diverse economy is also based on the manufacture of transportation equipment and forest products as well as food processing and advanced technology in computer software, biotechnology, electronics, medical equipment, and environmental engineering. In 2003 Corbis, one of the world’s leading providers of digital images, moved its headquarters to downtown Seattle. Non-manufacturing activities, however, comprise more than 85 percent of the Seattle economy; international trade, for instance, is a leading industry, accounting for a large portion of jobs statewide.

The Port of Seattle, the second largest handler of container cargo in the country, provides a direct connection to the Orient and serves as a major link in trade with markets in Alaska, on the Gulf of Mexico, and on the Atlantic Coast. With its multifaceted transportation network of freeways, railroads, an airport, a ferry system, and port facilities, Seattle is the principal trade, distribution, financial, and services center for the Northwest. Tourism continues to be a vital part of the city’s economy.

Incentive Programs New and Existing Companies

Among the incentives available to businesses in Seattle/King County are customized employee training, low interest loans, and tax deferrals. In addition to federal government assistance, state and local governments in the area have offered a package of incentives to meet the unique needs of business and industry.
Development Projects

With Seattle mired in a recession in the aftermath of the September 11, 2001, terrorist attacks on the United States, Mayor Greg Nickels created the Economic Opportunity Task Force to revitalize distressed neighborhood business districts and work on policies that benefit the University of Washington. Also at the top of the mayor’s economic development agenda were transportation issues, including replacement of the Alaskan Way Viaduct, the expansion of the Seattle mono-rail, and the improvement of Sound Transit’s light rail line.

Perhaps one of the area’s most ambitious projects, the replacement of the Alaskan Way Viaduct with a tunnel, has been announced. Because the adjacent seawall is deteriorating and the viaduct itself was severely damaged in the 2001 Nisqually earthquake, both structures need to be rebuilt in order to remove a threat to public safety and the economy. The viaduct is one of the state’s most important transportation corridors, carrying 110,000 vehicles a day. Since 2001, millions of dollars have been spent to secure it. The next steps for the project will be to complete a Final Environmental Impact Statement in 2006 and pursue funding for the project. Construction to replace the viaduct and seawall will begin in 2009, pending available funding.

Numerous apartments, condominiums, hotels, retail, and other spaces are under construction or renovation in the downtown area. The new 362,987 square-foot Downtown Central Library opened in May 2004. The first phase of construction to transform eight acres of waterfront property adjoining Myrtle Edwards Park into an open space began in June 2004. The park will have a two-story pavilion, parking for 54 vehicles, and pedestrian walkways as well as a pedestrian overpass.

In addition to a massive, $300 million expansion of Terminal 18, the Port of Seattle has been carrying out other projects as a part of the Seattle Seaport Terminal Project. The plan consists of numerous smaller projects that are expected to improve the port’s terminals for businesses, tourists, and passengers. In past decades, the Port has invested $2.1 billion in facilities improvements and plans to invest an additional $2.9 billion over the next decade. Dredging the east waterway of the Duwamish River is expected to cost $7.5 million and will help make several more of the Port’s container berths deep enough to accommodate the next generation of container ships. This will also create jobs both on the waterfront and throughout the region. The first phase of a $12.7 million cruise terminal began in 2000; Norwegian Cruise Line and Royal Caribbean International will use the port for new cruise services.

Commercial Shipping

Seattle’s economy benefits from Seattle-Tacoma International Airport, which is served by 16 cargo carriers. The city’s most important commercial asset is Elliott Bay, one of the finest deep-water ports in the world. The Port of Seattle is the fifth largest container port in the United States and the twentieth largest in the world. It can accommodate ships up to 1,400 feet in length and provides generous warehouse space. Two transcontinental railroads and more than 170 motor freight carriers transport goods to and from Seattle.

Labor Force and Employment Outlook

Seattle offers an educated,
skilled, productive, and stable work force, who are attracted to the area by the quality of life. Although experts proclaim that the post September 11, 2001, recession has ended, it will not be until beyond 2005 that the area will surpass employment levels seen at the peak of the economic boom in December 2000.

In spite of recent setbacks, local analysts expect continued growth in the Seattle area, especially in manufacturing industries (mainly aircraft and biotechnology) and services.

Largest employers  No. of employees
The Boeing Company  64,000
Port of Seattle  11,225
Alaska Air Group Inc.  11,150
Microsoft Corporation  11,000
University of Washington  10,000

Cost of Living

The cost of living in seattle is moderately expensive’ or ‘the cost of living in seattle is above the national average. The average monthly rental cost for a two bedroom, two bathroom, unfurnished apartment is $913. The estimated purchase price for a new home (three bedrooms and two full baths) with approximately 1,800 square feet of living space in the Seattle area is $313,983.

The following is a summary of data regarding several key cost of living factors for the Seattle area:
2004 (3rd Quarter) ACCRA Average House Price: $354,843
2004 (3rd Quarter) ACCRA Cost of Living Index: 122.7 (U.S. average = 100.0)
State income tax rate: None
State sales tax rate: 6.5% (food and prescription drugs are exempt)
Local income tax rate: None
Local sales tax rate: 1.0%
Property tax rate: $10.21-12.18 per $1,000 assessed value (2004)

Coffee shop in Seattle

Seattle is a world center for coffee roasting and coffee supply chain management. Related to this, many Seattle-area people are coffee enthusiasts and they maintain a coffee culture in Seattle’s many coffee houses.

Does Seattle really have more coffee shops than other cities? Seattleites sure do love their caffeinated beverages. But does Seattle really have more coffee shops than other cities? Seattle is the 23rd largest city in America according to Wikipedia, so to test its coffee shops, compared it to #22, Boston, and #24, Washington DC.

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Seattle has a TON of coffee shops. We’re not just talking Starbucks either. With the sale of the Seattle Supersonics to Oklahoma City by Howard Schultz, many Seattleites won’t step foot inside a Starbucks, after Howard Schultz’s sale of the Sonics to Clay Bennett. Tully’s, Pete’s, Fuel, and independent coffee shops, among others, take first place in Seattle residents’ hearts for best coffee shop. But how many shops are needed to serve its residents? The answer is 131. If one were to search for a shop in downtown Seattle, 131 shops show up, with half the map taken up by Puget Sound.
As seen from the graphs, visitors spend 10.1% of $5.9Bil on arts, entertainment, and recreation. Compared to the tourism investment for Sports Commission Sponsorships at 1.5% of their entire budget.

No information on visitor impact specifically to sports were found from VisitSeattle. Since revenue from sports generated tourism can be a huge revenue, more emphasis can be placed on the findings.
Like a fair amount of Seattle’s attractions, the inception of the Seattle SuperSonics can be traced back to the World Fair in 1962. The then-Washington State Coliseum was constructed as part of the grand exhibit, initially built with the purpose of housing exhibits for the Fair. When the spectacle ended the Coliseum still remained, and the city decided it could put it to use as the home for a professional basketball franchise, purchasing it for $2.9 million. Named after the Boeing Super Sonic Transport project, the first professional sports franchise in the city’s history played their first season in the Coliseum in 1967-68. The Sonics achieved fairly instantaneous success relative to other nascent professional franchises, and the players’ willingness to be active participants amongst the community endeared them to the city’s residents as much as their winning ways.

The team made the playoffs for the first time in the 1974-75 season under the guidance of head coach and NBA legend Bill Russell. After missing the playoffs the following year, the team redeemed itself in a major way by reaching the NBA Finals in 1977-78, losing to the Washington Bullets in a physical seven-game series. In a gesture that would become indicative of the Seattle sports community, the fans threw the team a parade—usually a custom awarded only to the champion. This would turn out to be premature. The Sonics took home the NBA title the next season, leading the NBA in attendance on their way to claiming the first professional sports title in Seattle’s history in 62 years. Although this championship would prove to be the pinnacle of the team’s achievement, their popularity steadily increased. In 1989, the team drafted Shawn Kemp, a super-athletic big man with a habit for dunking the ball so ferociously that it overshadowed his immense talent as an all-around player. The next year perennial All-Pro point guard and Seattle legend Gary “The Glove” Payton was drafted, and coach George Karl was hired the year after, in 1991. These three men were the cornerstones of the age widely considered the Golden Era of Sonics basketball, from 1993 until 1998. These years would come to define the relationship between the city of Seattle and the team it loved more than Starbucks coffee itself, a bond that would turn the fans’ unconditional love into their
deepest source of sadness. By the time 1995 rolled around the Sonics had established themselves as a perennial participant in the playoffs and a viable title contender in their strongest years. The team routinely finished in the top five in attendance and it was clear the community was ready to invest in the team that had brought the city pride, national exposure, and a championship. $95 million worth of renovations to KeyArena were completed in October of 1995, with the public supplying $74 million through taxes. The overall effect of these renovations were to modernize the building’s amenities by adding 3,000 seats. This new space, combined with the team’s success from 1993 until 1998, a span in which they won 60 percent of their games meant the buzz around the Sonics in Seattle rose to a fever pitch. The arena’s adjacent proximity to the Seattle Center, a hub of shows and attractions in downtown Seattle, made it the nexus for locals and tourists alike. Chris Daniels, a reporter for NBC Affiliate KING 5 News in Seattle describes just how much the Sonics meant to the city in the documentary Sonicsgate: ‘That was the hottest ticket in town. It was tough to get a ticket to Key Arena’.

While this illustrates just how eager the fan base was to see their team’s home games, the team’s effect on the city reached outside of Key Arena and into the streets of Seattle, the ultimate sign of cohesion between a pro team and the community that embraces it. One word to describe the team and its fans is ‘gritty’. Steve Kelley of the Seattle Times describes a scene in Seattle comparable to a Friday night in a West Texas town consumed by high school football, a comparison that can rarely be made of a bustling metropolis like Seattle. He says, ‘In ’96, those games with Utah, I mean the town just stopped when those games were being played’. This is the picture of a town in love—actually, obsessed— with its pro basketball franchise, not a city who let out a faint cry as their beloved Sonics were taken from them, moved in a whirlwind of controversy to become the Oklahoma City Thunder. These contradictory perceptions of Seattle’s feelings toward the Sonics are complex and they developed over a period of losing seasons that can be traced back to 1998.

The Howard Schultz Era

The summer of 1998 was a turning point that altered many fans’ perceptions of the NBA. Salaries were inflating substantially from year to year as each new contract set a new precedent for what elite players should earn, and owners took a hard line that the creation of a salary cap was an absolute necessity. Predictably, players did not like the idea of placing a ceiling on their earning potential and the league was unable to create a new collective bargaining agreement resulting in a lockout of the 1998-99 season. Lockouts in any sport create the perception amongst fans that owner and player greed has deprived the fans, who provide the financial backbone for professional sports. This was certainly the case in Seattle, a town where the Sonics had become a consistent source of pride for the community. However, after a series of early departures from the playoffs, coach George Karl was let go in 1998, compounding the disillusionment in the Seattle community. When the lockout ended the franchise was in dire need of a shot in the arm, and Howard Schultz’s timing could not have been better.
Howard Schultz was a man with no shortage of ambition, having started as the director of marketing for coffee giant Starbucks to eventually buying out the owners. He is credited with making Starbucks the global coffee powerhouse that it is today, and his roots in the Seattle community, as well as his bank account, sparked a wave of optimism throughout Seattle. He and a group of investors acquired the team from owner Barry Ackerley in 2001. Once the flurry of optimism subsided and he began operations as the owner of an NBA franchise, his tactics were questioned from the outset. Sitting courtside at nearly every home game, Howard let his presence be felt by the players and fans alike, and his wallet was not quite as open as many fans would have liked. A contract dispute with the aforementioned Gary Payton in 2003 that led to Payton being traded sealed Schultz’s fate with many Sonics fans who now saw him as a brilliant businessman but a confrontational, clueless owner. Gary Payton made his feelings about Schultz clear, “He tried to run his basketball team like a coffee business,” he said, implying that Schultz did not understand the unique business model that is professional sports.

Even though the Payton trade yielded the Sonics another NBA legend in Ray Allen, the team did not make the playoffs the next two seasons and Allen never fostered the endearment from the community that Payton did.

What Schultz and so many other team owners fail to understand was something that Sonics fans understood all too well. So when relations between the Sonics and the NBA turned sour and new ownership threatened to move the team, it was difficult for Sonics fans to argue why the team needed to stay, why economic impact was far from the only measure of the team’s impact. As Steve Kelley states in Sonicsgate, “It’s a chance for people to come together 41 dates out of the year….those are intangibles. And you can’t really put a price on it, and you can’t really explain it to someone who doesn’t understand it.”
THE FIGHT FOR PUBLIC FUNDING

Key Arena had undergone extensive interior renovations in 1995, but its shell was the Coliseum constructed for the World’s Fair, a building constructed in 1962. By 2001, the building was uncharacteristically small in terms of modern NBA arenas, and Howard Schultz began to make this clear to the Washington legislature. In a city that has had a notoriously litigious past when it comes to granting public funding for sports arenas, the Seahawks of the NFL and Mariners of Major League Baseball provided examples of teams that had to threatened to move to Los Angeles and Tampa, respectively, before squeaking out the necessary funding to stay in Seattle. Key Arena did not allow the space for restaurants, team memorabilia shops, and the other revenue streams that had and continue to fuel the growth of the NBA domestically and globally. Even with billionaire Microsoft Executive (and Seahawks owner) Paul Allen pledging generous amounts of money, the referendum to upgrade Qwest Field passed with only 50.1% of the vote². Schultz was facing a very tough road on his quest for a new or upgraded venue for the Sonics. Even so, Schultz would appear to have significant leverage behind his request. First off, he had NBA Commissioner David Stern in his corner, a Columbia Law School graduate savvy in negotiating tactics who more importantly had overseen the relocation of three franchises during his tenure as head man of the NBA. Even Seattle’s locals, potentially blinded by fandom, were willing to admit Key Arena’s significant shortcomings. Kevin Calabro, a sports radio host for KIRO710 Seattle said, “Having been to every building in the NBA over the last two decades, I’d say it’s [Key Arena] in the bottom five in terms of fan experience.” Key
Arena’s status as the NBA arena with the smallest capacity in 2006 meant that even when operating at a level that would create maximum revenue, the Sonics would be unable to generate the profit necessary to be a contender in the NBA. Arena renovation and expansion would mean more seats and revenue for the Sonics and more potential to host events that would attract not only local residents but tourism to the city and region. To be fair to Schultz, Key Arena’s 368,000 square feet was less than half the league average of 750,000. With half of the space for additional revenue streams and less seats yielding less basketball specific revenue than the rest of the teams in the league, the Sonics were clearly at a major competitive disadvantage. In an era when NBA salaries were ballooning, the Sonics were structurally incapable of fielding a competitive team because the means to generate cash simply were far less in Key Arena than other NBA arenas. Schultz addressed the Washington State legislature in the capital of Olympia with Stern by his side professing that, “we have lost approximately $60 million in the short time that we have owned the team.” Facing a major budget deficit, Washington State Speaker of the House Frank Chopp was hearing none of it. His response echoed many of those in Washington, but not most true Sonics fans, and it put Schultz in a very difficult situation as an owner. “My question is, how does it stack up against the other priorities we have for the state, for health care, for education and for our children,” Chopp asked Schultz rhetorically. This response did not leave much room for compromise, and Schultz and his partners decided they had no choice but to sell the team. Sonics fans were never particularly fond of Schultz, but they never dreamed that they would lose their team under his rule. The new owner, Clay Bennett, would provide anything but a sense of security.
Clay Bennett was an Oklahoma businessman who had accumulated his fortune by reinvesting his wife’s inheritance from her family’s newspaper, The Oklahoman. He acquired the team for $350 million, far above the $234 million valuation, further painting Schultz as a money hungry profiteer to the Seattle community. That same year, Initiative 91 was passed, a bill that required that public investments in sports teams produce a positive net return in the state of Washington. As the public continued to give strong signals that they opposed funding a stadium, Bennett proposed a blueprint for a $500 million mega arena to be built in the city of Renton outside of Seattle. Most saw this move for what it was: an empty gesture Bennett knew would not pass. Bennett intended to move the Seattle SuperSonics to his home town Oklahoma City, despite his insistence otherwise, and we know this now because the Seattle Sonics today have become the Oklahoma City Thunder. If he were to admit this at the time, he likely would forfeit his ownership by violating the terms of his agreement with Schultz to do his best to keep basketball in Seattle. Sure enough, his arena proposal was dismissed without even a vote, and Bennett had further evidence that Seattle did not want the Sonics badly enough to keep them. His investment group consisted of all Oklahoma-based millionaires and when he allowed Seattle assistant coaches and Sonics legends Jack Sikma and Detlef Schrempf’s contracts to expire most saw it as the final severing of ties between Seattle and new owner Bennett, despite the formalities he must go through to get to Oklahoma. With a firm knowledge of just how stingy the state legislature would be with public funds, his insistence on a new arena might as well have been a death sentence to Sonics fans. Bennett’s words were ominous and foreboding: “Key Arena is not a viable NBA arena. A renovated Key Arena is not a viable NBA arena.”. The ensuing months before the team’s departure from Seattle would ironically show just how much the city needed its Sonics.

Washington State
Speaker of the House Frank Chopp betrayed those who wanted the Sonics to stay in Seattle practically every chance he got, refusing to even consider a vote on public funding for the team. He was quoted saying, “They already have a place to play. It’s nice. There are not potholes on the court there... let’s get real here. If they want to do it, we’re not stopping them. They can pay for it themselves.” The fact is that Key Arena was a nice arena in many respects. It afforded intimacy that allowed fans to be closer to the court, making them feel as though they could affect the game and be almost participants in the action. This is just how Seattleites liked it, and in many respects a new, spacious facility would have been unfaithful to Seattle’s identity as a city and a community. But to Sonics fans, a spacious arena with the Sonics in it would have been better than an intimate Key Arena with no team to occupy it. The legislature never shared these views, and for this reason protest groups spearheading the campaign ‘Save Our Sonics’ felt betrayed not only by Bennett and the NBA, but their own elected officials as well. Fans, unwilling to put money in the pocket of an owner with an ulterior motive, largely stopped showing up to the games. Bennett, in turn, used this lack of participation as further proof that Key Arena was not viable, and by extension Seattle was not a suitable home for an NBA franchise. Bennett made a move that assured the fans their team would soon be gone by selling the Sonics’ WNBA affiliate, the Storm, to a group of Seattle business women. However, a last ditch effort to save the team led by Microsoft CEO Steve Ballmer would once again renew Seattle’s hope of keeping the Sonics.

Steve Ballmer, like Bill Gates, had established roots in Seattle, and he thought that his presence in an ownership group would assure the public of his long-term commitment to the Seattle region. He and a group of investors offered to pay for half of $300 million in renovations to Key Arena and the Seattle Center, a plan far more generous and widely-appealing than Clay Bennett could offer. With Sonics fans flocking to the state capital in support of the plan, Frank Chopp decided it was not even worth bringing to a vote. With a Democratic majority, Chopp basically had unilateral power to make such an important decision. Senator Slade Gorton explains, “He is the gatekeeper. Nothing was going to be voted on or passed in the legislature without his approval, and he didn’t approve.” Just when all hope appeared lost, emails between the Oklahoma City ownership group emerged showing intention to move the team to Oklahoma City, and Howard Schultz responded to this revelation with a lawsuit of his own. Claiming to have genuinely felt Bennett and company intended to keep the team in Seattle, Schultz sued him for breach of contract. The NBA and its owners were unfazed by this, voting 28 to 2 in favor of the Sonics moving to Oklahoma City. Bennett always claimed he used the phrase “I am a man possessed” in emails to his co-owners to mean he was possessed to keep the team in Seattle, not move them to Oklahoma City, an unbelievable explanation when
taken in context. With the NBA owners’ vote complete, all Bennett had to do was convince a court that the Sonics deserved to break the Key Arena lease two years early in order to move to Oklahoma City.

In the Sonics’ last days, Seattle Mayor Dave Nickels became the fans’ last beacon of hope, claiming that he would do all in his power to hold Clay Bennett to the Key Arena lease while searching for a permanent solution to keep the Sonics. When he was called to testify at the lease hearing, Bennett’s lawyer Brad Keller got Nickels to admit the arena arrangement in place was “economically dysfunctional”, a fact that would make it unreasonable to expect Bennett and the Sonics to remain as tenants. Feeling not only that continuing litigation would embitter the NBA to the city of Seattle in the future, but also that they had a slim chance of winning the case, Mayor Nickels settled with Bennett before the judge’s verdict was read. On Wednesday, July 2nd, 2008 Mayor Nickels announced the terms on TV. Bennett and his co-owners would pay $45 million to the city immediately, and $30 million in 5 years if the NBA had not approved a team to play in Seattle. To many Sonics fans, Nickels had simply covered his own rear in the case they lost and took the easy way out. With one press conference and no verdict, the Sonics were no longer Seattle’s team. Sonics gear went on clearance, lifelong fans stood in the streets in disbelief, and Clay Bennett stood in front of a backdrop donned with the new Oklahoma City Thunder logo announcing the arrival of professional basketball to his home state. People like Frank Chopp and Mayor Nickels were elected officials, but they showed a stunning lack of empathy for Sonics fans when they allowed the Sonics to leave Seattle. Much of the argument around the Sonics’ relative value in the Seattle area centered around economics, but fans of the team will tell you their presence was so much more than profit for the city or revenues for ownership, it was a combination of intangible things that made the Sonics important not just locally, but to all sports fans nationally.
Author Sherman Alexie is a lifelong Sonics fan, and when he thinks of the team it does not conjure up images of ticket prices or team store receipts, but instead memories of time spent with his father. He explains, “nearly every conversation we had was related to basketball, it was our way of talking about things.” The Sonics were not merely a basketball team, but an excuse for Seattleites to gather with the people they know and love to celebrate their team, their passion, their city. The Sonics represented an extension of Seattle itself, as native to the city as the water in Puget Sound or the Space Needle. They were not the only thing attracting visitors to come to Seattle, but they were certainly one of the factors, and to flippantly dismiss their significance economically or culturally can be akin to cutting off someone’s toe and asking why they are upset because they have nine more. When you think about the essence of what makes a city memorable or worth visiting, it is often the vividness or persistence of the memories that result from the city itself. To many Seattleites and tourists with an interest in sports, the Sonics provided a lasting impression of the Seattle sports scene, but most importantly an impression of Seattle itself. There is not one single attraction that makes Seattle the #9 best summertime destination.

By allowing the Sonics to leave, the legislature let an integral piece of the city’s appeal leave with it, regardless if the effects can be read on a graph or not. As it turns out, the legislature did not make necessary improvements to Key Arena in time and lost the $30 million Clay Bennett would have been obligated to pay the city, entrenching Sonics fans’ deep belief that their team was sold for a dollar and a dream.

Many have tried to understand the economic impact of having a professional sports team in a particular city. In the year after the Sonics left, Seattle’s economy decreased by roughly $12,004,000. Contrarily, Oklahoma City saw a
$525 million increase during the first year in which they housed the Thunder\(^3\). While other factors apply, the teams’ departure (and subsequent arrival) were certainly one of those factors. Washington residents were not willing to pay a tax to create the necessary streams of revenue, while the residents of Oklahoma City paid a 1% sales tax for fifteen months in order to modernize the Oklahoma City Arena in 2002\(^3\). The amount of national exposure that a team like the Thunder generates for the city is immense, especially because their status as perennial contenders affords them more national television time. Each person that sees the Thunder play on television at least thinks about Oklahoma City, and planting this seed is the first step toward attracting visitors or potentially residents. Many people can see professional sports teams in terms of tangible revenue and public investment, but the fact is their value is much more complex and far less tangible. Tom Ward, CEO and Chairman of Oklahoma City based SandiRidge Energy, gives his take on the matter, “That team brought us to the national forefront as far as at least having an audience to say that there’s something going on here that appears to be different\(^3\). Since their inception the Thunder have generated more than $100,000,000 in revenue\(^3\). When we consider the economic impact of the games themselves, the impact on a city is staggering. Tom Anderson, Oklahoma City’s Executive Manager for Special Projects estimates that each Thunder home game adds $1.28 million to the city’s economy, not even counting ticket sales or wages for the workers\(^3\). The lack of available information related to the Sonics’ impact on Seattle shows just how little the state legislature understood about the team’s potential impact when they let them leave.
The NBA is becoming an increasingly profitable business. If the trend continues, it is safe to assume teams like the Thunder will see a boost in popularity and revenue with each passing year. This means more and more potential earnings are lost each year Seattle fails to attract a new franchise, which means less money to be spent improving the city itself to make it more attractive for residents and visitors. This means less exposure to those who do not even consider Seattle in their everyday lives that may have seen their team on TV and given the city a second thought. With a Seattle fan base that has made the Seahawks’ CenturyLinkField the loudest in the NFL and the Seattle Sounders the envy of MLS, it is a wonder why the NBA has not returned to Seattle. With an estimated economic impact of $234 million, there are few protesting the fact that that the Sonics would help the economy, but at what cost to the taxpayer? With its long history of filling the arena for a winner, and a glut of wealthy businessmen and potential investors, Seattle seems the ideal location for an NBA franchise. Seattleites agree, and a recent bid by businessman Chris Hansen to buy the Sacramento Kings and move them to Seattle seemed inevitable until the NBA blocked the move. The potential strengths and weaknesses of moving an NBA franchise to Seattle help to determine whether the city will once again be able to call itself an NBA town in the near future.
It was reported that the three Maloof brothers, owners of the Sacramento Kings, were close to a deal with Seattle area millionaires Chris Hansen and Steve Ballmer to sell the Kings, which would presumably be moved to Seattle. This deal was never completed and the team was eventually sold to Indian businessman Vivek Ranadivé’s Sacramento based investment group instead, leaving Seattle in a lurch and still without an NBA franchise. The logistics of why this decision was made lie in the many factors that are considered by the NBA when deciding who is a suitable owner for a team and which location that owner will choose to establish the team. In terms of potential viewership Seattle would seemingly have an advantage, boasting 400,000 more television homes than Sacramento, according to Nielsen. The Seattle metropolitan area is home to 3.4 million residents while Sacramento can only claim 2.1 million residents\textsuperscript{5}. However, population and television sets are not the only consideration when it comes to criteria for owning an NBA franchise.

Sacramento’s status as a one team professional sports town means that the Kings have a monopoly on the residents who are going to spend money at a professional sporting event, while Seattle already has the Seahawks, Mariners, Sounders, and Storm that would compete with the Sonics for professional sports fans. The availability of these teams are part of the reason many Seattleites did not let out much protest when the Sonics left in the first place. Seattle’s local government was surely a cause for concern for the NBA as well, as they had proven in the past to be staunchly against public funding for stadiums, and in spite of Ballmer and Hansen’s insistence that they would secure a stadium deal more lucrative than Sacramento’s, they had not at the time the Kings were sold. Sacramento mayor Kevin Johnson, a former NBA player himself, secured a stadium deal that would provide $258 million in public funding for a $448 million downtown arena\textsuperscript{5}. Seattle could not get such a deal completed in 2008 or 2009, so why...
would the NBA believe that 2013 would yield a different result?
The Sacramento Kings were eventually sold to businessman Vivek Ranadivé, and his status as minority owner of the Golden State Warriors since 2010 meant he had already been accepted into the tight knit fraternity of NBA owners, who must approve the sales of franchises. Ranadivé impressed David Stern with his vision for global basketball, using his home country India as the canvas for his grand plans. Usually, the incumbent city has the advantage when there is close competition for a franchise, and these other factors made the decision for the NBA much easier. Even though Hansen upped his offer for the Kings by $75 million to $625 million during the last stages, it was for naught.

The NBA’s Relocation Committee voted unanimously to keep the team in Sacramento, and its Board of Governors followed suit, voting 28 to 2 in favor of Sacramento. Ranadivé successfully purchased the team, thus ensuring that the Kings would remain in Sacramento, dashing Seattle’s renewed hopes for basketball in the region. This recent development has led many Sonics fan to wonder whether they will ever see the return of the NBA to Seattle in their lifetime, or ever.
When analyzing Seattle’s potential to attract a future NBA franchise, it has a number of features that make it attractive, as well as others that would give any owner pause before committing to the city. The biggest strength of Seattle is its citizens, an energetic and loud bunch that have never failed to show up and support a winner at the professional level. Actually, the word support is a gross understatement and disrespectful to the fans of the Seahawks and Sounders, who are considered a prime example of how to create a home field advantage in their respective sports. Another aspect of Seattle that should make it attractive to the NBA is the number of millionaires in the region who are willing to commit funds to a professional team and the arena they require, shown by the tireless efforts of Steve Ballmer and Chris Hansen to acquire the Kings. Hansen’s last minute commitment of an additional $75 million to his bid shows the amount of liquidity amongst Seattle’s elite. The large metropolitan area and high television viewership are also indicators that a downtown arena housing a winner would be convenient enough to attract people to the stadium and the television broadcast, two cornerstones of a financially successful franchise. With all of these attractive forces in play, the Sonics still relocated, a sign that Seattle is not without its blemishes and concerns that the NBA and any franchise must consider.

In recent years, the legislature in the State of Washington has proven to be reluctant to spend public funds on sports teams. Their inability to grant even the most minor of improvements to Key Arena caused the city of Seattle to lose $30 million owed to them by Clay Bennett, and this type of error is not an aberration. The Sonics and their fans were treated with callous disregard by House Speaker Frank Chopp during their initial departure from Seattle. Chopp’s unwillingness to even call a vote on public funding for Key Arena was the death knell and the ultimate sign to owners Howard Schultz and later Clay Bennett that Washington State was not interested in keeping the Sonics. The decision to keep the Sacramento Kings in California was clearly influenced greatly by the lack of state approval for an arena in Seattle. The elected officials in Olympia sent a clear message to the NBA in 2008 and 2009: there are more important things to spend tax dollars on than stadiums for millionaire owners. Since that time, nothing within the legislature has changed that would indicate securing an arena deal would be any easier in 2013. The lack of a current, NBA-viable arena in Seattle also hurts the city’s chances of being granted a franchise, but the legislature is the underlying problem that makes securing a new arena such a far-off dream. Seattle’s mayor
elect Ed Murray leans liberal, so perhaps he may have a positive effect on the situation. Were the NBA to decide Seattle is in fact the next location for a franchise, there are many opportunities the owner could take advantage of to maximize the team’s potential both financially and on the court.

Seattle has many uniquely attractive features that are often considered to be nightmares in metropolitan areas of comparable size. First of all, their first-class public transportation system means that a crowded bus ride or train ride to the game would not be as unpleasant as, say, a subway commute in New York City. Seattle Center’s location in downtown was one of the most underrated features of Key Arena, because basketball and other entertainment only required one trip. Because any new Arena or upgrades to Key Arena would likely entail improvements to Seattle Center, this opens up a potential marketing boon. The hesitant partner could be enticed into a night watching the team if an upscale dinner downtown was dangled in front of them as well. By associating with the local institutions in Seattle Center and the surrounding area, the team could begin to attract more than just the die-hard fan. Like the rest of Seattle, the downtown area has a diverse array of activities and attractions to offer, and the collection of them make the city appealing more than any one venue itself. These type of opportunities have been embraced by the likes of Seahawks owner Paul Allen, who praises the city of Seattle every chance he gets. Even with all of these opportunities, franchises must be aware of potential threats to their business model within Seattle as well.

Seattle’s status as a multiple sport town makes it less appealing than a town like Oklahoma City, who previously had no professional franchise before the Sonics evolved into the Thunder. Because these towns have no other professional sports franchises vying for the almighty dollar, owners feel a sense of ease knowing that their ticket will likely be the hottest in town. This is a legitimate concern, and many economists have stated that people generally have a fixed amount of money to spend on entertainment. Having no other professional athletic team competing for those entertainment dollars can be a huge pull factor for a relocating franchise. Seattle, however, has shown that even with multiple teams in town the team will support a winner. The Sonics’ glory years, both in terms of team success and revenue, came during years where the Seahawks and Mariners were in town. Today, even though Seattle is home to the WNBA’s Storm, MLB’s Mariners, the Seahawks of the NFL, and the Sounders of MLS, the fan bases of both the ‘Hawks and Sounders remain tops in their leagues in attendance. The Mariners do not enjoy such success in terms of fan representation, but they are mired in a long stretch of mediocrity, a stipulation that the Seattle fans cannot accept. Seattle is a city of passionate people, and truly passionate fans find it painful to show up to watch a loser on an annual basis. No losing franchise can expect their fan base to be blindly loyal, and the Seattle Mariners is the ultimate testament to that. Owners and the NBA should not let the legislature act as a litmus test for the fans of Seattle, because they are clearly not on the same page. Still, the Storm, Seahawks, Mariners, and Sounders can all be considered threats to an NBA franchise in the city of Seattle. Seattleites can only hope for the
CONCLUSION

Seattlesites can only hope for the return of the NBA to their city. After having lost their team in a deal that developed under questionable circumstances, fans had the resilience to claim the Kings as their own, not allowing themselves to be shocked into reticence by the Sonics’ departure. The city has seemingly countless positive qualities that appeal to not only sports fans but people in general, shown by their consistent attraction of tourism to the city and surrounding region. An NBA franchise in Seattle is another addition to the reasons Seattle is worth visiting, and there are not many compelling arguments against having a team in the city. Upon thorough research, we are optimistic that if the city and King County emphasize their strengths, essentially what makes Seattle, Seattle, they will once again have professional basketball in the near future.
WORKS CITED


