

BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Seattle Center Department; authorizing execution of an agreement with Festivals, Inc. for the presentation of the annual Bite of Seattle[®] Festival at Seattle Center in 2015, 2016, and 2017; and ratifying and confirming prior acts.

Summary and background of the Legislation: This legislation authorizes a three-year agreement between the City of Seattle and Festivals, Inc. to host the Bite of Seattle[®] Festival (Festival) at Seattle Center in 2015, 2016, and 2017. The 2015 Festival is the 34th annual event and will be the 30th held at Seattle Center. It is one of three major festivals held annually on the Seattle Center campus and attracts both large and diverse audiences to enjoy food from around the world provided by Seattle's local restaurants, food trucks, and food vendors.

The Festival agreement includes details regarding scheduling, reimbursement and fee expectations, Armory and other facilities use, and other general provisions of the events. Similar to the previous agreement, it encourages cross-promotional opportunities, such as linked websites, and provides one booth for the exclusive use of Seattle Center to promote Seattle Center activities and events during the Festival.

Consistent with prior years, the Festival will take place in July of each year under this agreement. Specifically:

- July 17-19, 2015
- July 15-17, 2016
- July 21-23, 2017

Seattle Center will continue to collect revenue from three primary revenue sources under this agreement:

- (1) Percentage of Food, Alcohol, and Merchandise Sales
The City will receive 10% of food and merchandise gross receipts. For the sale of beer and spirits in designated beer gardens and comedy or dance halls approved in the agreement, the City will also receive 20% for the first \$50,000 of gross receipts and 15% of gross receipts above \$50,000. This is an increase from the prior agreement which limited the 10% of food sales and merchandise to sales other than from craft and commercial vendors.

The City will no longer receive 10% of the fee paid by vendors to Festivals, Inc. Seattle Center estimates the net impact of these changes will be revenue neutral.

- (2) Landscape (Grounds Restoration) Fee
Festivals, Inc. will continue to pay a fee for basic Festival-related landscape maintenance. The landscape fee has an annual CPI adjustment subject to a 3% cap. The agreement stipulates that the Landscape Fee will never be less than the preceding year.
- (3) Reimbursement for Event-Related Labor and Non-Labor Costs
Seattle Center charges an hourly rate for the cost of departmental staff involved in event set-up, support, and clean-up. The agreement requires payment for the direct cost for department provided services, materials, or supplies required for the Festival, including utilities and fees.

The below table provides the historical net revenue from the Bite of Seattle[®] Festival for 2012 through 2014 and the expected net revenue under the 2015-2017 agreement. Expected total revenues presented in this table are included in the 2015-2016 Adopted Budget revenue assumptions for Seattle Center. In addition, appropriations to cover expenses associated with the Festival were also included in the adopted budget.

Revenue	2012 Act.	2013 Act.	2014 Act.	2015 Est.	2016 Est.	2017 Est.
% of Food, Beverage, & Merchandise Sales	\$ 104,025	\$ 132,391	\$ 126,177	\$ 124,624	\$ 129,341	\$ 131,928
Landscape Maintenance Fee	\$ 39,563	\$ 40,552	\$ 41,038	\$ 39,563	\$ 40,749	\$ 41,564
Reimbursement for Event labor & Nonlabor Expenses	\$ 60,020	\$ 46,626	\$ 53,579	\$ 55,123	\$ 57,147	\$ 58,290
Total Revenue	\$ 203,608	\$ 219,569	\$ 220,794	\$ 219,310	\$ 227,237	\$ 231,782
Expense						
Event Support	\$ 48,474	\$ 48,280	\$ 64,831	\$ 54,939	\$ 56,038	\$ 57,158
Grounds & Facilities Support	\$ 104,585	\$ 99,971	\$ 93,667	\$ 101,396	\$ 103,424	\$ 105,492
Total Expense	\$ 153,059	\$ 148,251	\$ 158,498	\$ 156,335	\$ 159,461	\$ 162,651
Net Bite of Seattle Revenue						
Total Revenue	\$ 203,608	\$ 219,569	\$ 220,794	\$ 219,310	\$ 227,237	\$ 231,782
Total Expense	\$ 153,059	\$ 148,251	\$ 158,498	\$ 156,335	\$ 159,461	\$ 162,651
NET	\$ 50,549	\$ 71,318	\$ 62,296	\$ 62,975	\$ 67,776	\$ 69,131

Please note that the above table does not include revenue that the City expects to receive as a result of police services for the event. The Festival utilizes both on-duty and off-duty police officers for the event and reimburses the Seattle Police Department (SPD) for some of the cost of services provided by on-duty officers. Under the new agreement, payment to SPD will be tied to the Special Events Ordinance fee schedule and be equal to the top single fee established by the Special Events Committee for special events with no entry fee and an anticipated attendance of 50,000 or more (approximately \$37,000). The 2015-2016 Adopted Budget includes revenue to the General Fund for SPD services per this agreement.

The table also does not include Seattle Center parking revenue because parking is not solely attributable to specific events. While this Festival increases the demand and use of parking at Seattle Center as compared to a regular summer weekend, Seattle Center does not include this revenue as a festival specific revenue. On average, Seattle Center calculates the increased parking revenue from the Festival weekend to be between \$70,000 and \$85,000 and has included this in 2015-2016 Adopted Budget parking revenue estimations.

The new agreement also includes the following changes from the previous agreement:

- (1) The Armory Atrium and Stage are added to the list of premises available for lease.
- (2) A new requirement is added for Festivals, Inc. to develop, in cooperation with City staff and subject to the Director's approval, a Garbage, Food Waste and Recycling Plan to maximize food composting and recycling.
- (3) Seattle Center corporate sponsors are offered first rights to be official sponsors of the Festival.

2. CAPITAL IMPROVEMENT PROGRAM

☐ This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

☒ This legislation has direct financial implications.

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
	0	0	0	0
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
			\$219,310	\$227,237
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
	0	0	0	0
Other departments affected:	Seattle Police Department			

3.a. Appropriations

☐ This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##	2015 Appropriation Change	2016 Estimated Appropriation Change
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:

This legislation has no impact on appropriations.

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
11410	Seattle Center	% of Food & Beverage Sales	\$124,624	\$129,341
		Landscape Maintenance Fee	\$39,563	\$40,749
		Reimbursement for event labor and non-labor	\$55,123	\$57,147
TOTAL			\$219,310	\$227,237

Revenue/Reimbursement Notes:

The table reflects revenue related specifically to the Festival agreement for Seattle Center only and does not include potential parking revenue or Seattle Police Department revenue. As previously noted, the 2015-2016 Adopted Budget includes these figures.

3.c. Positions

 This legislation adds, changes, or deletes positions.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset? (If yes, explain below in Position Notes)
TOTAL							

* List each position separately

Position Notes:

This legislation does not create or abrogate positions.

4. OTHER IMPLICATIONS

- a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?
 No.

b) Is there financial cost or other impacts of not implementing the legislation?

Without legislation authorizing the agreement to produce the event, Seattle Center net operating revenues would decline unless the Bite of Seattle were replaced by another event or events that produced a similar level of net revenue.

c) Does this legislation affect any departments besides the originating department?

Yes. Bite of Seattle pays a fee for Seattle Police Department (SPD) to provide on-duty police for the event. In addition, the Bite hires off-duty Seattle Police to carry out its approved security plan.

d) Is a public hearing required for this legislation?

No.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

f) Does this legislation affect a piece of property?

No.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

This legislation authorizes an agreement to produce an event that is free and open to the public. The Bite of Seattle® Festival features food and entertainment from a multitude of cultural origins and annually attracts one of the largest and most diverse audiences to the Seattle Center campus.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

N/A.

i) Other Issues:

None.

List attachments below: None.